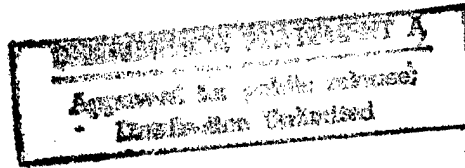


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# Near East/North Africa Report

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12 August 1982

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No. 2600

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DANGERS ASSOCIATED WITH OVERSEAS INVESTMENTS

Ryaadh AL-RIYADH in Arabic 13 Jun 82 p 14

[Article: "Two Basic Problems for Arab Financial Surpluses: The Arab Countries' Inability to Absorb the Investment Income; The Dangers of Investing Arab Funds in Western Nations, Due to the Dangers of Withdrawal and Exchange"]

[Text] The surpluses are cash inflow into oil-producing nations, which over the short term exceed the commensurate import outflow. The problem of this surplus is connected with the inability of some countries to spend and absorb their financial resources.

The OAPEC annual reports indicate that the member nations' oil profits in 1980 amounted to \$209 billion. The investments of the UAE, Saudi Arabia, Kuwait and Libya abroad were \$178 billion in 1979, and in 1980 were \$275 billion. The Arab oil nations' balance of payments in 1974, which accumulated as savings in foreign currencies, had achieved by the end of 1979 an estimated \$190 billion. The OPEC reports also indicated that the surpluses of five Arab states, Kuwait, the UAE; Saudi Arabia, Iraq and Libya, for 1979 amounted to \$15.5 billion, while in 1980, it was \$27.1 billion.

It should be noted that a large percentage of the surpluses were invested outside of the Arab region in savings accounts, real estate and stocks and bonds of foreign companies in the industrial nations.

The investment of surpluses in foreign nations might influence freedom of action through withdrawal or exchange or being subjected to freezes or confiscation when a political dispute erupts between the states owning the surpluses and the states in which they are invested.

Apart from that, the investment of financial assets that do not directly control projects are subject to having their true value eaten away by the worsening inflation in the countries where they are invested, or by constant fluctuations in currency exchange rates, and the policy pertaining to reducing the value of balances by a rate of not less than 10 percent a year. It has now become certain that the gradual using up of oil will necessitate adopting an economic strategy to compensate for that by finding alternative sources, and by investing surpluses in industrial or agricultural projects or

services in the Arab World and the nations of the Third World. Within an appropriate time, that might achieve the development of human resources and financial institutions in these countries, which form an economic and strategic depth for the oil countries to enable them to be self-sufficient and to ensure the countries of the Third World the investments that these nations require. In this economic method, investment in the industrial nations will share in the use of funds to increase their production capabilities.

#### Strategy of Joint Arab Action

The strategy of joint Arab action would expedite comprehensive development and self-reliance, fill the development gap within the Arab Nation and among its various economic and social sectors and achieve economic integration en route to Arab economic unity. This strategy will change the Arab Nation from a profit economy to an agricultural and industrial economy at the same time, increase the participation of pan-Arab production, put an end to the emigration of talent, and increase joint economic integration. The wise use of human forces and economic institutions will assist in that, in order to serve integration and development. Pan-Arab and national development will complement each other within mutual pan-Arab goals.

Efforts have been disclosed that were made by experts of the Arab Economic Council to set the resources for the first five-year plan at \$62 billion, and then reduced to \$15 billion, depending on the size of the financing and the priorities in the program of projects. This amount is considered small if measured by the pan-Arab result and the credits that it would produce in the Third World.

Iraq has offered a plan that would require \$500 million annually to finance the development contract for the next 10 years, an amount of \$5 billion. This was approved by the Amman summit. Five Arab states have been participating in principle, Saudi Arabia, the UAE, Qatar, Kuwait and Iraq. The door was left open for participation by other nations. The first beneficiary of this contract will be the less developed Arab nations, such as Yemen, Mauritania, Sudan and Somalia. The projects to be financed have been agreed upon. The terms of the loans are easy; the interest is no more than 1 percent, with a 10-year grace period and annual installments for 20 years. It was agreed that the Arab Fund for Economic and Social Development would be the appropriate quarter to organize the projects and their loans. Areas of investment have been expanded after issuance of the Arab development contract and some reciprocal benefits have been achieved.

#### Public Sector Participation in Development

The goal of development is to raise the level of individual income and to create the highest possible standard of living and economic growth in all areas. Economic growth rates in the Arab Nation have achieved a significant increase, but it has not been accompanied by a change in the economic structure, and a disparity exists in the factors of production. What is needed in the Arab nations is lessened dependence on imported foreign



consumer items and replacing that with local production, by expanding the production base achieving self-sufficiency, guiding investments, developing the skills and establishing a domestic technological base to assist in defining the production sectors. It is worthy of note that the public sector plays a principal role in development in most of the Arab countries, especially in the oil nations, out of a desire to direct the profits into productive investments. The Kingdom embarked on an excellent program when it established SABIC with an estimated capitalization of SR 10 billion. Its industries depend on oil. The private sector will have a 75 percent share of the capitalization by the end of 1982. Moreover, the private sector obtains assistance and incentives to establish investment projects. Some of the other Arab countries still have a limited influence on the traditional economic industries. On the other hand, mutual investment projects have been established in some Arab countries on the private sector level.

#### The Role of Businessmen in Arab Economic Integration

The private sector and Arab businessmen have a major role in achieving Arab economic integration and mutual Arab projects, whether in terms of organization and management of these projects in accordance with sound economic principles, or from the aspect of benefiting from the investment opportunity and searching for that. All of that is to create an appropriate framework for them to take the initiative. The idea of the Arab Company for General Investments embodies a life of economic cooperation among Arab businessmen and mobilizes their resources to serve Arab development goals. One should point out here the importance of defining the role of the state in intervening, and the role of the private sector in participating in development. It is well known that any state, no matter what the nature of its economic system may be, must intervene to some extent in the economic life, due to the fact that individual efforts cannot undertake many huge projects that do not yield a quick profit. State intervention is necessary to achieve social justice in the economic life by applying the requisite rules, regulations and laws to prevent monopoly, make the consumer independent and narrow disparities. State intervention is necessary to deal with world economic crises. We wish to note here that the major part of economic growth achieved in the Arab nations was based on principles of firm cooperation between individual efforts and the governmental sector. Individual efforts can participate in agricultural and industrial projects, the marketing of their products, contractors, banks, insurance firms and transportation and communications companies, at the same time that the state is establishing the huge economic projects, such as irrigation projects, the construction of dams, bridges and electrical plants, the production and marketing of oil, and the creation of heavy industries, as well as the industries that are established by international agreements and the projects for which the private sector does not have the necessary assets.

#### Fields of Investment

Investment fields for the private sector are defined as three:

1. Investments within the oil-producing countries, because oil is an exhaustable commodity and alternatives must be found.
2. The creation of investment in Arab nations, some of which follow the free economy system, while others follow the directed economic system. Here, one should specify the finding of projects within the development plans of these nations.
3. Investments with other Arab countries by means of joint Arab projects.

#### The Gulf Investment Organization

When the finance ministers of the Gulf Cooperation Council [GCC] nations met last winter in Riyadh, they decided to establish a Gulf investment organization. It was hoped that it would be able to invest these surplus funds from the oil profits, which would serve both the investor and the country in which he invests, and which would concentrate on stimulating investments in the Arab World. Until this organization begins its work, there are still hopes that Arab integrated investment will develop.

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CSO: 4404/566

INTERVIEW WITH MURAD KHELLAF

Paris AN-NAHAR ARAB REPORT & MEMO in English No 24, 12 Jul 82 pp 10-12

[Text]

The failure of negotiations over a huge LNG contract between Algeria's state hydrocarbons group Sonatrach and the American company, El Paso was the subject of much report and speculation last year. In this exclusive interview with *An-Nahar Arab Report & MEMO's* Randa Takieddine, Sonatrach's Director General, Murad Khellaf, explains why the talks broke down and why he is not optimistic about their future success.

Mr Khellaf also gives details about oil and gas exploration and production by Algeria's newly restructured hydrocarbons industry, as well as discussing his country's energy policies and goals.

The interview follows:

Q: What progress has been made towards restructuring Sonatrach?

A: The implementation of this started when I was assigned the job of Director-General, i.e. in August (1981). The general scheme, an original one, was already laid down. Its main characteristic is that the new structure will contain 13 national companies. Its originality lies in the fact that we are keeping Sonatrach (as an institution), but giving it some air to breathe in order to increase its efficiency as a production instrument.

Sonatrach will be retained for the basic activities such as exploration, production and the transport of crude oil and gas. To these activities we have added that of gas liquefaction, our most recent activity, for two reasons: first, because we possess large quantities of gas and second, because of the financial gains they can generate. It is therefore very important that this activity remains within the scope of Sonatrach.

You have to remember that (under the new structure) the revenues from our hydrocarbon resources transit through the national company Sonatrach and that the production and marketing of

the main petroleum products remain within Sonatrach. The external debt as well as all obligations stemming from past contracts remains within Sonatrach. We did not want to disturb the functioning of the new enterprises. We wanted them to be future-oriented. The past is administered by Sonatrach.

We did not choose the traditional ownership system whereby a major company holds the shares of all the others and exercises its authority over them. Sonatrach's authority stems from the importance of its activities and from the fact that the functioning of the other companies is dependent on it. Of the 13 companies, nine have already been created by decree. Five of them began operations in January this year. The most important of them deals with refining and distribution. The other four are service companies: two drilling companies, a geophysics concern and a company for large oil industry works.

Q: Could you spell out the prospects for oil exploration in Algeria? What efforts are being made in this regard?

A: We are continuing the exploration efforts which began with the first oil boom (1973-74). This effort has been increased by the involvement for the first time of 14 international companies which are customers for Sonatrach's crude. These companies have participated under the famous arrangement whereby \$3 is invested in the exploration effort for every barrel of crude lifted.

My other observation is that for the last three years, there has been the political will to reduce the level of production. We were (producing) at a level of 57.3 million tonnes a year (1.146 million b/d). We are now producing at 600,000 b/d, which is about half the previous peak level. This does not mean we have programmed our level of production to 600,000 b/d, since in fact it is programmed to a higher level, about 850,000 b/d. Our crude contracts are renewable every quarter — they are classic contracts in that sense.

Q: Did you have problems with clients not wanting to buy your crude any more because of its high price?

A: We have articles in our contracts enabling clients to end them when they are not interested in the prices, but they have to go on implementing them for a certain time.

Q: Were there any clients who terminated their contracts?

A: Yes, there were. But as we have a diversity of clients, American, French and German, and as we are not dependent on a few big ones, we avoided problems. Currently, the highest quantities are being

lifted by our French and German clients. In times of crisis, the Americans take the least possible.

Q: What are your exports?

A: For the current year, 20 million tonnes. Internal consumption is between 5 and 6 million tonnes. It should be noted that this does not represent 5 to 6 million tonnes of crude, but 5 to 6 million tonnes of refined products. In order to obtain this quantity of products, we have to refine more crude. Since our economy is based on gas, we are introducing gas in our industries to a greater extent. Therefore, crude oil consumption is not adequate as an indicator of growth.

Q: What is Algeria's total production of gas?

A: At Hassi R'mel, we have developed the capacity to produce 94 billion cubic metres of gas a year. In addition, we can recycle up to 60 billion cubic metres of gas a year. Recycling consists of producing gas, removing the condensates and the LPG which it contains, and then putting it back in the reservoir. This is done both for security and economic reasons: the more you produce, the more you deplete your fields, but if you recycle (i.e. maintain your fields at constant pressure), then you produce more condensates and LPG. Our estimates on the global lifespan of our fields indicate that thanks to our installations we will be able to produce an additional 50 to 60 million tons of condensates, which is an extremely high figure.

Now our current gas export capacity is 31 billion cubic metres a year of LNG. We have production installations that are capable of exporting, but which are not exporting at present. But they can do so within two or three months if they are needed to operate at this level. Also there is the Italian gaspipe, which by 1985 will have a capacity of 12.5 billion cubic metres per year. Today we are ready for half this amount. By 1985 we'll be ready for the 12.5 billion.

The current export volumes of gas are known from our contracts. We sell to Distrigaz Boston, to Enagas Spain, to Gaz de France and so on.

I'll remind you of the mechanism. At the peak of the last oil crisis (1979-80), Algeria asked the client companies to pay an additional \$3 per barrel lifted up to a certain date in August (1981). These \$3 belonged to the companies and were deposited in their accounts. By means of this mechanism we negotiated future exploration contracts. All but two or three of the companies accepted. They collected sums of money over a nine-month period and then we negotiated exploration contracts, granting them one or two concession areas each.

Q: How many blocks have been granted?

A: About 20 exploration areas have been allocated. Some companies have taken one, others two. Once the exploration areas were granted we released the sums amassed under the \$3 per barrel payment scheme and entrusted the companies with responsibility for carrying out exploration operations. In the past, we used to share this responsibility.

Q: Exactly how much was collected under the \$3 per barrel scheme?

A: \$500 million, belonging to the companies. Of course the exploration programmes started by these companies require investment far in excess of this. It is up to them, in due time, to make up to the difference. In the exploration effort, the entire risk is borne by the explorer.

We have already laid down all the rules linking us to these companies. In each case, Sonatrach is the majority shareholder. In some concession areas, we have a 51 per cent stake, in others 60 or even 65 per cent. We used a closed bid system under which we asked the companies to choose their blocks. The proportion of our stake is determined according to the resources of the block. The more attractive the block, the lower the percentage allowed to Sonatrach's partner company. At present, studies and geophysical work are being completed and drilling should get under way in the second half of this year.

Q: What is the current capacity of your fields and what is their estimated life span?

A: We have developed an extraction capacity of about 65 million tonnes a year. Of course this is theoretical because Algeria's production had never reached this level. The peak level of oil production was 57.3 million tonnes a year (in 1978). Existing hydrocarbon reserves are 1 billion tonnes of crude oil. To this must be added gas reserves and condensates which we account for separately. We have gas reserves of around 3.5 billion cubic metres, making Algerian gas reserves the fourth largest in the world, and our reserves of condensates are 200 million tonnes.

Q: What is your current oil production?

A: 600,000 b/d, or 50,000 b/d less than the quota we were allocated during the extraordinary OPEC conference in March. But with improving market conditions, we will be able to reach this quota without problems. Like all countries, we have had some difficulty in selling, but we have not felt the shock (of the oil glut) to the same extent as other countries for two reasons: first, we refine and we have condensate

and LNG. Our refining capacity is 21 million tonnes, of which we use about 75 per cent. Some people say we refine in order to increase our exports. In fact we do not export all the refined products. We consume all our gasoline production, for example. So in this case, we refine up to the level required by the internal national market and the remainder is sold as residual product.

Q: Algeria was due to start supplying LNG to Distrigaz of Belgium at the French Montoir terminal in Brittany in October (this year). The rate was to be 2.5 billion cubic metres per year. It has been reported in the press that Distrigaz has asked Sonatrach to modify the build-up because Belgian needs will be substantially below that. Have you received any such approach from the Belgians?

A: We have not been informed officially by the Belgians of any such decision. Normally, we should start in October, supplying half the contract quantity in the fourth-quarter and progressively increasing the quantities as usual.

These contract quantities are on a 25-year basis, sent to Belgium's LNG receiving terminal at Zeebrugge. But the Zeebrugge terminal is not ready, so the Belgians have made an interim agreement with the French to have Algerian LNG destined for Belgium delivered at Montoir. But of course this is a purely Franco-Belgian agreement, which does not concern us.

On the question of whether Belgium has reasons to reduce the quantities of LNG delivered at Montoir, I personally do not think they want to modify their contract with us. You must not forget that Algeria has suddenly become Belgium's leading trading partner. I would therefore dismiss the news concerning a desire on the part of the Belgians to reduce the contract quantities and we have not been approached by them in this regard.

Q: What is happening in your talks with the US company EL Paso concerning possible gas exports?

A: We are continuing our talks and contacts, but positions are far from being close. I am not very optimistic. The problem is very big. I do not see it as a problem of gas pricing in the way that it has been presented, i.e., one million BTUs for so many dollars. The Americans are ready to pay the f.o.b. price level which the Europeans are paying.

The issue concerns freight. The cost of freight to the east coast of the US is \$1 (per million BTUs) and to the Gulf of Mexico \$2 and these \$2 are a problem

for Algerian LNG. The contract with El Paso was for 10.5 billion cubic metres (a year) and a trunkline of 5 billion. The six tankers and gas installation of El Paso in Algeria are not operational, but with their insurance and the US tax system, which takes into account companies' profits and losses, El Paso has managed to solve its financial problems.

However, they have clearly indicated to us that they are not interested in buying our LNG. But their clients, Columbia System, Consolidated and Southern, have grouped themselves and are negotiating with us through Warren Christopher, who we last saw about a month and a half ago.

Q: What about your negotiations on gas prices with the Italian group Snam?

A: This issue is becoming (merely) a question of time. We have concluded contracts with France and Belgium, but these contracts were not gifts handed out by these two countries. In our situation, we cannot go lower than the limits we have set. Italy is trying to impose a lower price than the one we have set. We see the Italians quite often and all talks and contacts are still going on, but nothing has changed so far.

Q: How much condensate do you produce?

A: Condensate is a liquid contained in gas and here a distinction must be made. Some OPEC countries produce condensate from their crude oil. In the case of Algeria, although we do have the oil-based type of condensate at Hassi Messaoud, we have another type, which consists of molecules contained in the Hassi R'mel gas. We produce the gas and we dry it in order to obtain the LPG.

If all the gas installations at Hassi R'mel were operational, we would get a maximum of 17 to 18 million tons of condensate for 92 billion cubic metres of gas produced. Then you would have a normal decline. For the LPG produced, the maximum would be about 4 million tons, but to get peak quantities, you need to have all the contracts implemented. Currently, production of condensate is about 200,000 b/d, but it can reach higher levels.

Q: What were Sonatrach's revenues last year?

A: Export revenues in 1981 amounted to AD 61 billion (\$13.7 billion).

Q: What is Sonatrach's expected budget for this year?

A: About AD 80 billion (\$17.9 billion).



PAPER REFUTES U.S. READINESS TO RECOGNIZE PLO

GF281618 Manama AKHBAR AL-KHALIJ in Arabic 27 Jul 82 pp 1, 4

[Untitled editorial]

[Text] If the document which Yasir 'Arafat signed recognizing all UN resolutions has achieved any advantage, the biggest one is that it dropped the last mask from the ugly U.S. face, if there were masks left on this face.

By recognizing all UN resolutions pertaining to the Palestinian issue 'Arafat's document recognized Israel's right to exist and adheres to the clauses of these resolutions that are relevant to the Palestinian people's rights, including their right to establish a state on Palestinian land. Why, then, did the United States reject it? Why did it reject the document although in recent years it claimed that it was ready to negotiate with the PLO if the PLO recognizes Israel's right to exist?

The reason is crystal clear: The United States does not want--and has never wanted--real peace in the Middle East or stability that guarantees the people the right to live in peace and security. The peace which the United States and Israel seek is peace based on the corpses of the Palestinian people and shattered Arab honor.

What the United States wants is to crush the PLO and its leaders or physically liquidate them and annihilate the Palestinian people, men and women, young and old, as Israel is doing in Lebanon.

What the United States and Israel want is to humiliate all the Arabs and nothing less. The United States wants us to kneel before the Zionist and force us to sign documents of servitude to Israel as preparation for the ultimate goal: Imposing total Zionist-U.S. hegemony on all of the Arab homeland from the ocean to the Gulf and making us into stooges who do nothing without orders from the masters in Washington and Tel Aviv.

This is what the United States wants. The fact that U.S. officials used to say they were ready to negotiate with the PLO if it recognized Israel's

right to exist was only to deceive and mock us, the Arabs, as in the case when the United States used to say in recent years that it was concerned with Lebanon and its independence and unity of land only to become the country that blatantly plotted with the Zionist entity to invade Lebanon and to destroy its villages and cities, including its capital, Beirut.

Is there anything more to be asked of the United States, the leader of the free world?

CSO: 4400/396

CONTROVERSY CONCERNING PRESIDENTIAL POWERS

Cairo AL-SHA'B in Arabic 8 Jun 82 p 6

[Article by Zaynab 'Amir: "The [Socialist] Labor Party Abstains During the Vote on the Authority of the President of the Republic to Issue Decrees Having the Force of Law"]

[Text] Last Monday the Socialist Labor Party and a number of independents abstained from voting on the report made by the joint committee of the Committee for Constitutional and Legislative Affairs and the two offices of the Committee for the Plan, Budget, National Security, and National Mobilization. The report concerned the draft law dealing with continuation of the validity of Law Number 29 of 1972 which authorizes the president of the republic to issue decrees having the force of law.

[The party also abstained from voting on] the report made by the joint committee of the Committee for Defense, National Security, and National Mobilization and the office of the Committee for Constitutional and Legislative Affairs concerning the draft law dealing with continuation of the validity of Law Number 49 of 1973 which authorizes the president of the republic to issue decrees having the force of law in the realm of war production.

Engineer Ibrahim Shukri, when asked about his opinion concerning the matter, said: "I am refraining from expressing my opinion. The president of the republic has the constitutional right to issue republican decrees when the Assembly is in recess. He resorts to this in cases of necessity. The law, which should be subject to review, was put into effect in 1972. This was the year which was the year of preparation for the 1973 War. The law has been in force ever since that time. However, it was determined that the validity of the law should expire at the end of the 1981 fiscal year, or when the consequences of the aggression [by the Israelis in 1967] have been eliminated--whichever comes first. I believe that we are now in a new situation since the [1981] fiscal year has ended and the consequences of the aggression were eliminated on 25 April. We should be feeling that we are in such a new situation, that we are no longer in a state of war, and that the consequences of the aggression have been eliminated."

Mr Shukri explained how this law gives the president of the republic the right to approve agreements concerning the purchase of military supplies and weapons which are [normally] required to be submitted to the People's Assembly for approval.

Concerning what some people are saying about the fact that such questions should be dealt with in total secrecy, Mr Shukri said: "Secret from whom? There is no longer anything secret about this matter. The large nations, from which these things come, submit these matters to their parliaments. Egypt is the only place where there is any secrecy surrounding the matter. Perhaps the matter really would be different if it were surrounded with secrecy."

In addition to [members of] the Socialist Labor Party, those abstaining from voting on the report were Counsellor Mumtaz Nassar, Hasan al-Jamal, Shaykh Muhammad 'Atiyah, Tawfiq Zaghlul, and Dr Hilmi al-Hadidi.

In their speeches, they all asserted that the People's Assembly is the authority which has the actual right to pass legislation, in accordance with the constitution, and that there should be no expansion in exceptions to this rule.

The same thing happened during the debate concerning the second report. Mr Shukri said: "We adhere to the principles of the constitution and refrain from expressing our opinion."

Counsellor Mumtaz Nassar said: "The constitution has given the People's Assembly the basic right to pass legislation, and there should be no expansion in matters [constituting exceptions to this rule] for the benefit of the president of the republic."

9468

CSO: 4504/365

'AL-AHRAM' URGES DIRECT U.S. DEALINGS WITH PLO

PM281321 Cairo AL-AHRAM in Arabic 23 Jul 82 p 4

[Article by Salamah Ahmad Salamah: "Reading the Congressional Minutes"]

[Excerpts] During the U.S. [Senate] Foreign Relations Committee hearings to endorse George Shultz' appointment as secretary of state, replacing Alexander Haig, some curious discussions, that were both very strange and naive, took place between some of the U.S. senators and Shultz regarding his views on the current Lebanese crisis and the way out of it. These discussions show the ambiguity and confusion in the views held by those respected senators regarding what is happening in Lebanon and reveal their extreme ignorance of the fundamental facts of the Palestinian problem as well as great indifference to the destructive effects of Israel's barbaric invasion of Lebanon.

Nevertheless, reading the minutes of these meetings might provide an insight into the trends in U.S. policy and the thinking of its planners and those in charge of carrying it out. It appears from these discussions that the grave consequences of the Israeli aggression against Lebanon are of less concern than the possibility of failure to oust the Palestinians from Lebanon. It was clearly evident from the discussions that the question uppermost in the minds of these senators was how to get the Palestinians out of west Beirut with the least possible difficulty and that nothing else matters.

Although developments so far have proved that the U.S.-backed Israeli military solution to the problem of the Palestinian Resistance will not succeed in getting rid of the Palestinian Resistance politically, they have also shown that Israel's predicament in west Beirut is primarily a U.S. predicament.

However, close examination of the hearing minutes shows that there is some realization of or superficial interest in the need to solve the Palestinian problem, yet that realization is lacking in objectivity, fairness and awareness of the reality of what is going on in the Middle East. It also shows ignorance of the extent of the U.S. responsibility for Israel's sabotage against peace and stability in the area.

In order to explain what we mean, we must point out certain interesting things in the Senate Foreign Relations Committee discussions, recorded in the minutes of the session to which we referred:

First, there is a great weakness toward Israel not only on the part of the Reagan administration but also on the part of U.S. senators. When Senator Tsongas mockingly cited what the two American writers Evans and Nowak said about Israeli Prime Minister Menahem Begin treating President Reagan like a "golf caddie" during the talks in Washington following the Israeli invasion of Lebanon, these remarks elicited no comment, defense or denial by anybody as if this were a fact that needed no comment or discussion. Therefore, it was not surprising that the questioning of the new secretary by most U.S. senators should concentrate on his relationship with the Bechtel Corporation--a large corporation that carries out major works and projects in the Arab world, particularly Saudi Arabia--where he was board chairman.

The only senator who had the courage to raise questions about the soundness of U.S. policy in the Middle East and the need to adopt a firm stand toward Israel was Senator Tsongas. He said: Israeli Defense Minister Sharon does not intend to implement the Camp David agreement, and President Reagan's administration is unable to say one single true word to Israel regarding either the continued building of settlements, or what it is doing against the Palestinians in Lebanon, or even the use of cluster bombs against the Lebanese people.

Second, most of the Senate Foreign Relations Committee members have not yet realized that the bloody events in Lebanon are occurring because of a problem concerning the rights of the Palestinian people. When Shultz said in his statement to the committee that the crisis in Lebanon strongly brings to the fore the undeniable fact of the Palestinian people's legitimate rights, there was a long argument on whether this was the real reason for the disturbed and unstable situation in the Middle East or whether there was another problem. One of the senators asked with an innocence verging on naivete: Why don't the Arab countries hasten to help the Palestinians get out of Lebanon and give them shelter, instead of leaving them to be killed by the Israelis?

Third, the real fear that has begun to worry U.S. policymakers is the possibility of the U.S. Marines becoming involved in the fighting if they enter Lebanon without the express and full approval of the Lebanese and the Palestinian Resistance in particular.

In the discussions some U.S. senators raised the question of the "possibility of preserving the PLO as a political entity rather than destroying it politically as well, since nobody knows what organization or political body would replace it or how they would deal with it."

If that is the case, then it can be said that the military predicament of the Palestinian Resistance has turned into a political predicament for

both the United States and Israel. Therefore, all the Arab efforts being made to solve the problem must focus on moving the U.S. position toward agreeing to deal with the organization politically before getting involved in any details about the departure of the Palestinian Resistance from Beirut and distributing it among the Arab League, which is a naive and ridiculous proposal. This is probably the right moment to adopt Egypt's demand on the need to seek a comprehensive solution as a framework for solving the Lebanese crisis. This could be the only alternative if Shultz succeeds in mending what Haig has destroyed.

CSO: 4500/252

U.S. CONGRESSMEN'S PRESS CONFERENCE

GF281300 Cairo MENA in English 1025 GMT 28 Jul 82

[Text] Cairo, 28 Jul (MENA)--U.S. congressmen on a visit to Cairo, held a 20-minute press conference here today following a meeting they had with President Husni Mubarak. The leader of the delegation said they had the honour of meeting with President Mubarak this morning. The U.S. congressmen had a "very frank and a very straightforward meeting with President Mubarak about the current situation in Lebanon and in the Middle East."

The basic message which President Mubarak addressed to the U.S. congressmen was that the United States must re-evaluate its current policy as regards west Beirut and for a long-term peace, a comprehensive peace in the Middle East. President Mubarak told us that we must address the Palestinian problem and not just west Beirut. The Palestinians must recognise Israel, but there must be some hope from the United States in return.

New evaluation of U.S. policy is needed. We must give hope to the Palestinians in an effort to solve the problem on a long-term basis in the Middle East.

President Mubarak said it was not enough just to send the Palestinians out of west Beirut and to disperse them among other Arab countries. This would only give hope to the Soviets in the Middle East to cause further and damaging relationships with the United States and would encourage more support for terrorism worldwide. President Mubarak said he believed that this was not in the best interest of comprehensive peace in the Middle East.

As I have stated, we had a very good meeting with President Mubarak. We were quite encouraged by his frankness and we shall take back to Washington the message he gave us. It is a message that the United States must re-evaluate its policy in the Middle East as regards the current situation in the Middle East and in west Beirut if we are ever to have a lasting peace and if U.S. interests are ever to be best protected and the image of the United States best served in the Middle East.

Senator [as received] Mary Rose [Oakar] said the U.S. congressmen were very impressed by their meeting with President Mubarak and that a simple and extraordinarily important message emerged and that was that you cannot



just disperse people that have no homeland and solve the problem. Certainly we are concerned about the critical siege of west Bierut and [words indistinct] to the future.

President Mubarak told the U.S. congressmen that "you will give the Palestinian people hope and not just disperse them without dignity."

Senator McCloskey said the only thing he could add to that was that they had been told by Israeli Prime Minister Begin that there could be some hope for a Palestinian homeland in the West Bank and Gaza and the statement made by President Mubarak today poses the problem that if negotiations for the departure of PLO fighters from Beirut must also be accompanied by provision for hope for a Palestinian homeland, this puts the United States in conflict with Israel policy for the first time. This really poses a dilemma. But I echo my colleague's respect for President Mubarak. He stated quite flatly that Israel's position as expressed by Prime Minister Begin was in square contradiction with Camp David as Egyptians understand it.

E. Bonior Democrat for Michigan Senator David [as received] said he shared his colleagues' comments regarding the meeting with President Mubarak. I found him to be a very committed man and I am very impressed by the message that he has given us and that is the message that the United States must give hope to the Palestinian people if we are to bring about a lasting peace in the Middle East.

Senator Rahall for West Virginia, leader of the U.S. congressmen group, told a questioner that Speaker O'Neil had authorised their fact-finding mission in the Middle East. The congressmen had met with the speaker and expressed to him their desire to embark upon this mission and at the same time they discussed the mission with Secretary of State Shultz personally. It was left to members of the mission to decide where to go. That is entirely (?our) decision while we are on this mission. It has been our decision to make it a fact-finding mission and as objective a manner as we can in an effort to hear from all parties involved in the current conflict and our mission is being carried out at the authorisation and in conjunction of the Department of State.

Senator [as received] Mary Rose Oakar (Democrat for Ohio) said that certainly the findings of the mission will be reported back to their colleagues. We would be remiss if we just took all these notes and did not share our views, as policy-makers in the United States, with our colleagues and in conjunction with the administration.

We had the opportunity of meeting with all varieties of people who play a role in the situation not only in Lebanon but indeed in the Middle East. We are the only delegation that I know of that has met with all the different factions and all the different leaders in an effort to find out where the truth lies and what solutions can be found.

Senator Rahall said that they were the first delegation to visit west Beirut "and I might add that it was our purpose to enter Lebanon from the north under the auspices of the Lebanese Government and in support of U.S. policy for a strong central Lebanese Army and to travel throughout that

country down through the south under Lebanese auspices as opposed to Israeli guards."

Senator Rahall was asked to comment on what President Mubarak had said about giving the Palestinians hope and Begin's statement that there would be no Palestinian homeland.

The senator replied: "As regards the policy of Prime Minister Begin and Defence Minister Sharon of no Palestinian homeland and merely dispersing them out in Jordan, I would have to agree with President Mubarak that it is a 180 degree reversal and departure against the Camp David accords which have produced the Egypt-Israeli peace and have been the framework through which we are operating for a comprehensive peace in this area."

In reply to a question as regards recent declarations by PLO Chairman 'Arafat and the offer made to the Palestinians to set up a government-in-exile in Cairo, Senator Rahall noted that President Mubarak had sent Deputy Premier and Foreign Minister Kamal Hasan 'Ali to Washington to deliver a message from President Mubarak to President Reagan and Secretary Shultz.

Senator [as received] Mary Rose Oakar added that one of the things she wanted to stress was that "no one of us wants to see any more violence, any more terrorism and that what some of us feel that can be accomplished is to have a dialogue with people whose future is at stake and indeed to find a solution to the Palestinian problem which will relieve the problem that exists in Lebanon and certainly in other areas of the Middle East."

Question: Chairman Rahall, when you said that President Mubarak asked for re-evaluation of U.S. policy are you saying he is seeking some fundamental re-evaluation of Camp David?

Senator Rahall: No. I did not mean to suggest that he is seeking a re-evaluation of Camp David. What he is seeking is re-evaluation of current policy as regards the situation in Lebanon and the direction that the U.S. is taking in order to solve only the west Beirut problem. We agree with the effort to resolve that problem peacefully and it is not our intention to undermine a peaceful resolution of the west Beirut problem, but if we are going to address the near term and long term problems in the Middle East they must be related to an overall resolution of the Palestinian problem.

Senator Rahall said the congressmen understood that President Mubarak wanted the United States to exert every effort to prevent the decimation of west Beirut while the long-term Palestinian problem was being addressed.

He told a questioner that Sudan President Numayri's offer to receive PLO fighters in Sudan was not discussed with President Mubarak.

Question: Did you discuss the evacuation of Palestinians from west Beirut? Did President Mubarak have anything to say on this specifically?

Senator Rahall: The president's response to the evacuation was he felt that other Arab countries were not accepting the Palestinian fighters not out of fear of Israel's actions against those Arab countries but out of basic belief that a mere dispersion of Palestinians to other countries will not solve the long-term problem but will only offer encouragement to the Soviets to sit back and profit by U.S. mistakes in the Middle East at the current time and it will only increase worldwide terrorism if that were to happen.

Senator [as received] Mary Rose Oakar: President Mubarak said it would be a serious mistake to once again relocate the Palestinian people into other countries without some expression that there will be hope for these people along with their leaving, if they left west Beirut, but certainly not just leaving Beirut with no comment on the Palestinian question. In addition, he was very encouraged by Secretary Shultz's comment during the meeting that he had before our Senate in his confirmation hearings in which he mentioned that the Palestine problem must be dealt with and he would hope that there was a re-evaluation of our policy with respect to the current situation in Lebanon so that there would be a twofold area. One would certainly be to deal with the problem of west Beirut and the second would be the expression of dealing with the Palestinian problem, and offering them hope. The president mentioned that word at least nine or ten times during our conversation.

Senator McCloskey said that only as a hypothetical thought [had] President Mubarak said that if the Palestinians had the hope of a homeland then he thought that Palestinians could be evacuated to other Arab countries but only on condition that they had the hope expressed by the United States as concrete that there would be a homeland to be established in the future and that is what we are hearing from other Arab countries.

Senator [as received] Mary Rose Oakar said she did not feel optimism when she met with Israeli Defence Minister Sharon. I felt that he was extraordinarily inflexible. I did not feel optimism when I met with Prime Minister Begin. I felt terrific optimism when meeting with Mr Peres and other members of Parliament and of course later on with individuals within Israel who are part of a movement to have a dialogue with the Palestinian people. One of the parliamentarians told our group that 50 members of the Knesset out of 120 have signed a resolution or sponsored some sort of a resolution that deals with the Palestinian issue in terms of seeking some sort of solution. Fifty out of 120 shows that at this time of crisis there is a movement within the country irrespective of their leadership which supports some kind of dealings with the Palestinian issue and indeed a good percentage of the Israeli people realise in my judgment that it is extraordinarily important for their own security and for their own future.  
[One MENA take not received]

Question: So you are not satisfied with the document that you got from Yasir 'Arafat?

Senator McCloskey: As regards the document and what Yasir 'Arafat told us the document meant, his words were very clear: I accept all UN resolutions related to Palestine. But the next day three of his spokesmen in three different parts of the world said he either did not say or did not intend that or he did not have power to say that. And this is an example of the problems of dealing with the PLO when their leader cannot speak for the PLO without convening all the various members and I consider what was said after the meeting to be a retraction of what we clearly understood and what he said at least three times during that meeting.

If we have to negotiate with the PLO they must recognise Israel's right to exist and they must accept Resolution 242.

CSO: 4500/252

ANTI-EGYPT RADIO NOTES ARAB 'OFFICIAL STANDS'

JN231811 Baghdad Corner of Arab Egypt in Arabic 2000 GMT 22 Jul 82 [tentative]

["Political News Commentary" by 'Abd al-Mun'im al-Ghazali]

[Text] Brother Arab: The Arab nation's army will not be twisted, Arabs will not be humbled, the Arab people's forces will not be defeated and humiliated, the Zionist flag will not be raised, the imperialists will not have sovereignty over our homelands and the invaders and covetous ones will not gain a foothold in any part of our Arab territory as long as we have revolutionary forces which remember the 23 July 1952 revolution, which believe in the principle coined by the Arab masses while rejecting the June 1967 defeat that what was taken by force can only be retrieved by force, which believe that Israel is only an imperialist base implanted in the heart of the Arab homeland and which have the determination to liberate all usurped Arab rights, territories and waters.

On the 30th anniversary of the July revolution, and despite the collapse of the [official] Arab stands, Egyptian and Arab national struggle have written honorable pages. Arab strugglers have been able to overcome all the feelings of despair, defeatism and surrender instilled in us by our enemies--the imperialists, Zionists and neo-racist fascists.

First, Egyptian national struggle was able to topple the symbol of agency and treason on 6 October, as punishment for his collaboration with Zionism and capitulation to the U.S. plan. Thus, Egyptian national struggle began the process of toppling every treaty signed by al-Sadat with the Zionist enemy and the United States, and of overthrowing every al-Sadat hiding behind false slogans such as Hafiz al-Asad.

Second, Egyptian national struggle was able, through its stands against the Zionist attack on the Arab nuclear reactor in Iraq and its stands of solidarity with Palestinian struggle against the U.S.-Zionist invasion, to make official stands side with Arab solidarity against the wish of the Zionist enemy--hence the [official] stand in support of Iraq in its just war against the Persian-Zionist aggression, and the stand against the Israeli invasion of Lebanon.

Third, regarding the steadfastness of the Palestinian revolution and its firm reply to the Zionist enemy, the revolution was able to deal this unexpected reply to Zionism and the United States despite the collapse of the [official] Arab stands and the collusion of the Syrians and their deterrent forces. The enemy has sustained and continues to sustain losses unmatched by its losses in any of its previous aggressive wars against the Arab nation. As a matter of fact, for the first time, and while the war is still in progress, the enemy sustains blows inside the occupied Palestinian territory, as was the case yesterday when the Israeli arms depots in Tiberias were blown up.

Fourth, in its steadfastness for more than 20 months against the Persian aggression, Iraq has continued to deal successive political and military blows to the Persian enemy despite all the military, political and technological aid it is getting from the Zionist enemy, despite all the unimaginable aid it is getting from such Arab regimes as Syria and Libya and despite the hesitation of other Arab regimes and their fear of the threats made by the Persian tartars. Some of these regimes have imagined these threats and others have wished such threats would be carried out so the flame of pan-Arab action would not remain alight to burn all the enemies of this nation.

All this makes us, while we are celebrating the 30th anniversary of the immortal 23 July revolution, share the hopes of the strugglers in the future-- a future in which the Arab homeland will be freed of imperialism, plundering, Zionism, its U.S.-backed Nazi aggression and Arab reactionaries who are allied with the foreigner, a future in which the Arab homeland will be unified and the Arab will live a free and respectable life.

CSO: 4500/252

## BAGHDAD ANTI-EGYPT RADIO ON OPPOSITION DEMANDS

JN232056 Baghdad Corner of Arab Egypt in Arabic 2000 GMT 22 Jul 82 [tentative]

["Frank Talk" by 'Abd al-Mun'im al-Ghazali]

[Excerpts] O Arab brothers on the banks of the Nile and all over the Arab countries. We are now celebrating the 30th anniversary of the 23 July revolution. This anniversary comes at a time when our Arab nation is witnessing days of reneging on the principles of this revolution which liberated Egypt from colonialism and reaction. It was a revolution which declared war against Israel as a colonialist base planted in the heart of the region, a base which is usurping a dear part of the Arab homeland. It was a revolution to fight Zionism as a racist, colonialist and expansionist movement and of all the colonialist alliances.

It is now clear to all the sons of Arab Egypt that the road followed by al-Sadat was not the road of peace but a road of war and aggression against the Arab nation and the Palestinian revolution; it was a road of slavery, tutelage and dependence which 'Abd al-Nasir fought when he headed the nonaligned group. Al-Sadat left a ruined economy belonging to international capitalism. He left agreements with the Zionist enemy that made it control all the political, cultural and economic fields in Egypt. He hoisted the banner of neo-Nazism over Cairo. He left a parasitic group of those supporting the open door economic policy to control Egypt, rob the wealth of Egypt, suck people's blood and reverse all the achievements realized during the 23 July revolution. They chained the people with laws that limited their freedom.

The Egyptian national struggle has formulated its aims. It demands the abolition of the economic open-door policy which damaged the economy, starved the people and ruined the country. It demands the abolition of the laws of this policy which served international capitalism and foreign interests. We demand the abolition of all the laws which stopped agrarian reform, weakened the public sector and returned to the Jews and the feudalists their property. We demand the abolition of all the laws which limit the freedom of the people.

We demand that the current People's Assembly be dismissed and another People's Assembly established that might remove the stains left by the current assembly on Egypt's face. All the forces which resist changes for the better should be removed from the people's path--forces that have been normalized with the Zionist enemy. While celebrating the 23 July revolution, the Egyptian national struggle remembers the principles of Arab solidarity which were laid down by Jamal 'Abd al-Nasir. These principles did not allow any Arab to ally himself with non-Arabs against Arabs.

CSO: 4500/252



## ANTI-EGYPT RADIO ON NORMALIZATION WITH ISRAEL

JN232047 Baghdad Corner of Arab Egypt in Arabic 2000 GMT 22 Jul 82 [tentative]

[Unattributed talk: "Where Will Normalization Lead?"]

[Excerpts] Brother Arab: Throughout history, Jews have considered Egypt and the Egyptians as an enemy to them and all their racist teachings. Even today, Jewish students read in their talmud that Egyptians are Gentiles and enemies. Jews in Egypt have always collaborated with foreign invaders. They struck an alliance with the Hyksos invaders, aided the Persians when they invaded Egypt some 3,000 years ago, backed the French campaign and were the main lifeline of the imperialist capitalist economy. They held the capital, controlled banks, the stock exchange and the cultivated land and the cotton trade, and were the spies of British colonialism in every field. Egyptian Jews were the founders of the Zionist movement and its branches.

Therefore, every normalization of relations with the Zionist entity and the Zionist state is a continuation of the old Jewish conspiracy against Egypt and their alleged rights to the Nile waters and land. Normalization is no more than a Zionist imperialist means to reinvade Egypt.

Egypt's rejection of normalization and establishment of relations with Israel, since al-Sadat's attempt to impose all that by force is natural and is closely linked to Egypt's history, culture, Arabism and humanitarianism. This explains the formation of committees in defense of national culture and economy to resist Zionist presence in Egypt in the name of normalization. This also explains the resistance to all normalization steps. This resistance reached its peak today. All the nationalist forces are unanimous on the need to stop the normalization process, to remove the Zionist ambassador from Cairo and to recall the Egyptian ambassador from Tel Aviv. The nationalist forces also called for a large-scale public boycott of all Israeli goods and suspension of Egyptian oil exports to Israel, which declared its fifth war against the Arab nation by invading Lebanon to liquidate the Palestinian revolution and partition Lebanon.

President Husni Mubarak has refused to receive the Israeli ambassador since the beginning of the invasion. The whole of Egypt rejects the normalization plot with the Zionist enemy. All indications show that the Zionist existence and that of its collaborators are being boycotted.

CSO: 4500/252

EGYPT

ANTI-EGYPT RADIO AIRS STUDENTS' DEMANDS

JN231911 Baghdad Corner of Arab Egypt in Arabic 2000 GMT 22 Jul 82 [tentative]

["Political statement" issued by the General Federation of Egyptian Students and Youths, Baghdad branch, Students Bureau, on 30th anniversary of the 23 July 1952 revolution--date not specified]

[Excerpts] Masses of our great people, masses of our struggler students. Today, our beloved Egypt and our Arab nation mark the 30th anniversary of our pioneering nationalist socialist 23 July 1952 revolution, which was carried out by the Egyptian Arab people under the leadership of the immortal leader Jamal 'Abd al-Nasir. The glorious July revolution took place as an expression of the Egyptian Arab's determination to achieve his freedom and independence and as the crowning of a long historical struggle through sacrifice of blood and sweat to fight exploitation and subservience and to bring out the noblest sentiments in this great people.

Masses of our great Arab people: While we are celebrating the 30th anniversary of the 23 July revolution, let us pause and learn the many lessons of the revolution before God, history and the homeland, especially since our Arab nation is currently experiencing difficult and complicated circumstances represented by the continuous Iranian aggression against fraternal Iraq and Israel's invasion of Lebanese territory in an attempt to liquidate Palestinian armed presence in Arab Lebanon. The purpose of both aggressions is to fragment the Arab nation and turn the Arab masses away from the course of Arab struggle. Therefore, let our celebration of the July revolution anniversary serve as an occasion to become aware of Arab divisions, to uphold our pan-Arab principles, to intensify our struggle and to adhere to the pan-Arab causes, headed by the Palestine question--the focus of Arab struggle.

Masses of our struggler Arab people: We seize the occasion of our celebration of the 23 July revolution anniversary to present, on behalf of the Egyptian students movement in Iraq, to the President of the Republic Husni Mubarak the following just demands, which not only express our opinion but constitute the common aspirations of the masses of our great Egyptian Arab people:

First, we urge the president of the republic to cancel the Camp David accords and their negative results, which have affected our beloved Egypt by depriving it of its pioneering role in leading Arab struggle, splitting Arab ranks and exposing the security of Egypt and the Arab nation to danger.

Second, we urge the president of the republic to work hard toward restoring Arab solidarity to strengthen the unity of Arab ranks against all challenges and dangers threatening the security and sovereignty of the homeland and nation.

Third, we appeal to the president of the republic to release all political detainees and to cancel all laws restricting public liberties.

Fourth, we appeal to the president of the republic to cancel the Consultative Council [Majlis al-Shura] and to bolster the legislative authority so it can play its correct role in the state of institutions.

Fifth, the role of the parasitic private sector must be reduced and the public sector, being the backbone of national economy, bolstered, and the burdens on the broad social base productive must be reduced, since a family can only secure full employment under socialism. The liquidation of exploitation and the bolstering of social changes of a socialist nature not only solve the problems of the individual but of all of Egyptian society.

Sixth, Republican Decree No 625 of 1979, which provides for freezing the General Federation of Egyptian Students must be canceled and the Egyptian students movement enabled to resume its struggle march and hold its 12th general congress.

Seventh, the Egyptian youth movement must be enabled to choose and form its own independent organizational and unionist structure to utilize the energies of Egyptian youth and to contribute to the progress and prosperity of our beloved Egypt.

Eighth, we appeal to the president of the republic to back the steadfastness of the Palestinian resistance movement and the Lebanese nationalist movement against the Zionist invasion of Lebanese territory and to adopt a serious stand against Persian ambitions and continued aggression on fraternal Iraq.

Masses of our enlightened students: These are our demands. They automatically reflect the demands of our Egyptian Arab masses. We present them as a sublime objective. We are struggling to achieve them as part of the people's aspirations to a future free of exploitation and subservience. We are guided in this by the principles of the 23 July revolution under which we were brought up; principles under whose gigantic banner the toilers of our people attained the opportunity to live a respectable life.

Our tribute goes to the soul of the leader of the glorious July revolution. Our tribute goes to the righteous martyrs of Egypt and the Arab nation. Tribute and glory to all the steadfast everywhere in the Arab world. Long live the Egyptian student movement as a tributary of the Arab students movement. Long live Egypt free and honorable.

[Signed] The General Federation of Egyptian Students and Youths, Baghdad Branch, Students Bureau.

# INVESTMENT AUTHORITY CONSIDERS ARAB CAPITAL INFLOW

Cairo THE EGYPTIAN GAZETTE in English 16 Jul 82 p 3

[Text] Two Arab groups have submitted applications for the establishment of three major investment companies, in Egypt according to General Investment Authority (GIA) sources.

The unusual thing, about the endeavour the sources said, is that total capital of the three companies amounts to \$ 1,200 million, an amount equivalent to the aggregate total of all the companies financed by Arab, European and American capital that have flowed into the country since 1974.

According to GIA figures, Arab investments in Egypt total \$481 million, American investments in the country total \$ 201 million, and European investments in Egypt total \$ 257 million, and capital from other countries invested in Egypt totals \$415 million, at thsi time.

As the two applying investment groups are vital, the Deputy Premier for Financial and Economic Affairs, Mr Mohammed Abdul Fattah Ibrahim, has urged GIA officials to render all available facilities to representatives of both groups.

GIA officials, who are already studying plans for the projected investment companies, expressed the belief that Egypt may become a focus of giant investment companies, which have experienced significant growth in the Gulf area in the past five years.

The appearance of the giant companies in Egypt, they predicted, would stimulate the appearance of additional such companies on the Egyptian market, and establishment of subsidiary investment firms here, particularly in that the country enjoys a unique atmosphere of political and social stability.

There are some fears, however, concerning the country's ability to absorb all such projects, particularly in that certain giant investment companies would need efficient contracting companies, certain building materials, specific labour, roads, means of transport and other major prerequisites for successful investment.

Nevertheless, means of overcoming such shortages may be determined local subsidiaries and affiliates of the large investment firms, which are capable of

securing for themselves, through means of self-help, the badly needed infrastructure required, GIA sources said.

However, Egyptian authorities must take precaution against the possibility that certain investment projects might contradict national development plan goals, the sources said. Therefore, much planning and coordination are required in the forthcoming stage, to benefit from this golden chance already in hand.

CSO: 4200/251

# NEW BUDGET INCLUDES SLIGHT CUT IN SUBSIDIES

Paris AN-NAHAR ARAB REPORT & MEMO in English No 24, 12 Jul 82 pp 6-7

[Text]

The new budget, which came into effect on July 1, includes about EL 2 billion (\$2.44 billion) in subsidies for basic consumer items.

This represents a reduction of EL 300 million (\$366 million) but not only is this reduction too small to satisfy the most vocal critics of Egypt's subsidy system, among them the US and international institutions like the IMF, it masks the extent of the problem. Deputy Premier and Oil Minister Ezzedine Hilal has estimated that what he calls "hidden subsidies" for energy alone amount to EL 3 billion (\$3.66 billion), more than 12 per cent of the country's GNP.

It seems obvious that the government could increase the price of gasoline without incurring the wrath of the poor, especially if it introduced a kind of selective subsidy in the form of rebates for collective taxis, the most widespread sort of public transport in major cities.

But it is more likely that the government will opt for "hidden" cuts in the hidden subsidies. Butane gas, for example, is currently sold in bottles costing EL 0.60 (\$0.73) each, compared with a production cost to the state of EL 5.00 (\$6.10) per unit. Reliable sources informed this newsletter that once a new natural gas network connecting the suburbs of Cairo to gasfields around Alexandria is installed next year, butagas will be withdrawn from sale in those districts of the capital where piped gas is available.

The cost to the consumer of piped gas will be considerably higher than that of butagas, but it is hoped that the cost of and inconvenience involved in travelling to other areas will act as a deterrent to those tempted to continue buying gas cylinders.

The conventional wisdom has it that the government can do little about reducing subsidies because its fears a reaction from the poor and underprivileged such as the notorious bread riots of January

1977, when blood was spilled in the streets of Cairo and Alexandria before price rises were hastily rescinded.

But this grossly oversimplifies the phenomenon, and figures released by Mr Hilal suggest that subsidies benefit the rich more than the poor. At the very least, the new government of President Mubarak could initiate some selective changes.

The first thing to be borne in mind is that patterns of spending in Egypt are quite different from those in developed countries. According to the Central Agency for Public Mobilisation and Statistics, the average family spends 55 per cent of its income on food. True, this figure, for 1981, is lower than the 57.5 per cent for 1975, but it is still more than twice as high as the figure for the US (21 per cent) and way above that for Britain (30 per cent).

By contrast, the average Egyptian family today devotes less than 3.5 per cent of its income to transport, while the comparative figures for the US and Britain last year were 23 per cent and 15 per cent respectively.

It is undeniable that food is a highly sensitive issue in Egypt, but, Mr Hilal claims, the poorer half of Egypt's population of 44 millions absorbs only 44 per cent of the budgeted food subsidies, with 27 per cent going to the richest 21 per cent of the population. Bread, after all, costs the same whoever buys it.

The sole edible commodity where the poor receive more than their statistical share of the subsidy is sugar — 33 per cent of the subsidy going to the 27 per cent poorest people.

Identical statistics apply in the case of kerosene, the only energy commodity where the poor benefit more than the rich. Elsewhere in the field of energy, the discrepancies are staggering. The richest 21 per cent of the population absorb a full 39 per cent of the hidden energy subsidy, the minister claims, and as much as 70 per cent of the subsidy which keeps the price of gasoline so low.

Energy subsidies are Mr Hilal's *bête noire*, since he argues that only by lifting them can Egypt hope to reduce its galloping domestic consumption, which has leaped from 7 million tonnes of oil in 1975 to 13 million tonnes in 1980 and which, if unchecked, will exceed 52 million tonnes a year by the turn of the century, thus wasting Egypt's limited resources of hydrocarbons.

As the accompanying table shows, the biggest increases in the growth of motor traffic over the second half of the 1970s were in the least energy-efficient forms of transport. Private cars now account for 58 per cent of all passenger-carrying vehicles, compared with 57 per cent five years previously, while the figure for buses is 2.8 per cent, down from 3.5 per cent in 1975.

# Growth of Motor Traffic in Egypt, 1975-80

	1975	1980	Difference	%growth
Private cars	153,724	325,500	171,766	112
Trucks	34,419	130,042	95,623	278
Motor cycles	49,565	129,455	79,890	161
Taxis	57,869	91,773	33,904	59
Light motor vehicles	18,092	80,809	62,717	347
Buses	9,542	15,532	5,990	63
Total	323,221	773,111	449,890	139

Source: *MENA*

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RESULTS OF ARAB INVESTORS' CONFERENCE

Cairo AL-JUMHURIYAH in Arabic 14 Jun 82 p 4

[Article by Hasan 'Amir and Jalal Rashid: "The Egyptian and Gulf Businessmen's Conference Issues Its Recommendations Today: A Giant Investment Company With Capital of \$500 Million"]

[Text] Today the Egyptian and Gulf Businessmen's Conference announces its recommendations.

The recommendations, on the whole, affirm the necessity of Arab economic cooperation, rebuilding bridges with Egypt, and the importance of having Arab capital surpluses participate in the process of economic and social development.

The recommendations include the establishment of a giant investment company with capital of \$500 million or more. The company will undertake the establishment of a series of affiliated companies specializing in the fields of agriculture, industry, food supply, housing, and tourism.

The recommendations also include the establishment of two other companies, one of which will deal with the renting of equipment and the other of which will engage in marketing securities.

The Results Were Welcomed

Most of those participating in the conference welcomed the results which were reached by the discussions and meetings.

Muhammad Ghanim, the secretary of the Egyptian Businessmen's Association, said: "We do not expect the conference to conclude with the signing of contracts for the establishment of new projects or companies."

"The conference is merely a preliminary phase of the rebuilding of bridges [between the Egyptians and the other Arabs], is a step toward implementing practical measures, and provides the opportunity for an open discussion between the Egyptians and the Arabs concerning the problems which have prevented Arab investments from being made in Egypt."

He added that statements made by officials and ministers, as well as their analysis of investment regulations, confirm the fact that Egypt has an investment climate which is both safe and beneficial for both parties involved.

He said that he was a direct participant in organizing the conference as well as a partner in a number of investment projects in Egypt. He said that his experiences have been successful, and that the only negative feature has been a few administrative obstacles.

Engineer Ghazi al-Sayyid Rawi added that everyone recognized that Egypt is the heart of the Arab world and that participation in the development [of Egypt] is a duty enjoined by patriotic feelings and loyalty to the Arab world.

'Abdallah al-Qusaybi of Saudi Arabia said that he was personally prepared to participate in infrastructure projects involving the building of roads and telephone lines, and that Egypt alone should not bear all the costs of this development.

Engineer Ahmad Mashhur, an Egyptian businessman who has made a number of investments in Kuwait, said: "Egypt, according to the financial criteria of investment, does not enjoy many of the conditions [necessary for investment], especially since it suffers from problems associated with bureaucracy, transportation and communications, roads, and primary investment services."

"However, in spite of the absence of all of these conditions, Egypt, for many reasons, is still of primary interest to investors in the Gulf area."

"A whole generation of citizens from the Gulf area has been educated in Egypt, these people have relatives and relatives by marriage [in Egypt], and they have interests [connected with Egypt]. Furthermore, the fact that they speak the same language and quickly understand each other plays a primary role in the development of a spirit of cooperation in various fields, especially, of course, the fields of business and investment."

#### The Five Committees

Yesterday the conference began its work with its five committees dealing with agriculture and land reclamation, industry, tourism, housing, and investment.

It was the work of the Investment Committee which interested the greatest number of the conference's participants, and it agreed to issue the conference's principal recommendations.

#### What the Committee Said

Arab investors affirm that the Investment Law and its implementing regulations provide the best of opportunities and guarantee a good return on investments.

However, [they also affirm that] there is a lot of vagueness and obscurity concerning how the law is applied and that it needs to be made easier and more flexible.

The committee recommended establishing a giant investment company with capital of not less than \$500 million. The company would establish affiliated companies specializing in various fields of production.

Jawad Abu Khamis stated that this company could begin functioning with one quarter of its total capital, provided that it would be possible to demand the other installments of the capital as the company's operations expand.

Ghazi al-Sayyid Rawi said: "These giant companies have become the model now proposed in the Gulf area."

"It is no longer possible to establish companies with small capital ranging from \$10 million to \$100 million. The accepted minimum now in the Gulf market is at least \$1 billion."

The Kuwaitis suggested that necessary to create two new types of companies, which are:

1. Companies for renting equipment used in various fields. This would be a means of limiting capital expenditures in various projects. This pattern has been successful in the Gulf area, Europe, and the United States. It is possible [to accomplish this] by renting advanced and very complicated equipment from Europe and the United States.
2. Companies for marketing securities. Their job would be to issue and market stocks and bonds in order to guarantee capital liquidity for the various projects.

Engineer Ahmad Mashhur stated that this was the company pattern which is also widespread among the Gulf nations and that it plays an effective role in stimulating the capital market.

He said that the owners of capital in the Gulf area prefer to buy stocks and bonds, trade in them, and then await the yield from their investments instead of making direct investments and assuming the burdens and problems of administering these investments.

[Other matters mentioned which are to be looked into are the following:]

The rebuilding, at least partially, of old slum areas by means of utilizing the services of specialized companies which are founded in accordance with the New Consolidated Enterprise Law.

The preparation of maps of the city of Cairo and of the areas needed to be rebuilt.

The industrial and agricultural utilization or exploitation of areas adjacent to the new cities.

Participation in the establishment of a series of hotels, hospitals, and public market places in the new cities.

A study of the possibility of setting up shopping centers, as has been done in Europe and the United States, in order to provide complete services for these areas and thus lighten the load for the inner city [of Cairo].  
Expansion in the establishment of the building materials industry in the new communities.

Revision of the New Consolidated Enterprises Law, especially Article 11 which deals with setting the annual yield of investments.

Easing restrictions concerning the ownership of housing units and real estate transfers.

#### The Industry Committee

The Industry Committee recommended putting up for sale the shares of joint industrial companies among all citizens in the Gulf nations. [The committee also recommended] expansion in the field of manufacturing electronic and wire and wireless communications equipment and apparatuses since the Arab market is hungry for such products.

The Arab investors expressed great interest in projects concerning agricultural industries, the building materials industry, the mining industry, and ready-made clothes industry, and the textile industry. [The committee also recommended] the establishment of projects which would take recent graduates and retrain them for industries [requiring] a skilled work force.

The Agricultural Committee recommended the establishment of joint projects in areas suitable for agricultural land reclamation, provided that there be technical participation by Europeans and Americans and that the products of these companies not be allocated for export.

The Tourism Committee recommended that investments be increased in the area of housing for tourists, 5-star hotels, and tourist villages. The [non-Egyptian] Arabs participating in the conference expressed great interest in increasing their investments in projects concerned with the northern coastline [of Egypt] and the Red Sea coastline.

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DELAY IN INVESTMENT PROJECTS

Cairo AL-JUMHURIYAH in Arabic 4 Jun 82 pp 1, 11

[Article by 'Abdallah Nassar: "There Has Been a Delay With 132 Investment Projects"]

[Text] Muhammad 'Abd al-Fattah Ibrahim, deputy prime minister for financial and economic affairs and minister of investment and international cooperation affairs, has stated that there has been a delay in reaching a decision concerning 132 investment projects which were submitted to the General Investment Authority as long ago as 1979. He said that this delay has taken place in order to allow the investors to present studies and statistics dealing with the projects.

Mr Ibrahim went on to say: "The Administrative Board of the General Investment Authority feels that the feasibility studies submitted with these projects should be revised so that they will be in line with currently prevailing levels and economic changes."

"The Investment Authority will get in touch with those in charge of the projects in order to make the required modifications in the economic feasibility studies so that it will be possible to resubmit the projects to the Administrative Board of the Investment Authority during future meetings."

"The projects concerning which a decision has been delayed include 60 industrial projects, 36 agricultural sector projects, 11 projects dealing with building and construction materials, and 25 projects in the field of contracting."

Mr Ibrahim went on to say: "The Administrative Board of the Investment Authority, in its meeting yesterday, discussed 16 subjects which were on its agenda. In addition to this, it discussed the general principles dealing with the acceptance of projects undertaken in accordance with the Investment Law in order to concentrate on giving priority to projects dealing with the production of commodities and goods."

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## TEACHERS RETURN FROM SAUDI ARABIA

Cairo AL-JUMHURIYAH in Arabic 12 Jun 82 p 6

[Article by Ziyad al-Sahhar: "Teachers Are Returning From Saudi Arabia, and the Airport Has Prepared Waiting Room No 3 to Receive 50,000 of Them"]

[Text] Today Egyptian teachers returning from Saudi Arabia will begin arriving home. Waiting Room No 3 in Cairo Airport has been prepared for the arrival of about 50,000 teachers who will be arriving on 250 additional flights flown by Saudia Airlines. Their arrival will go on until the end of next July.

Every day between 7 and 9 jumbo-jets, DC-8's, and Tri-Stars, in addition to 5 normally scheduled flights, are arriving from all parts of Saudi Arabia.

Also, it has been decided to schedule 20 additional flights on jumbo-jets for Saudi tourists. They will begin arriving during the first part of next July. The passengers' luggage which has been shipped is arriving at the customs clearance area, and it is expected that it will weigh a total of about 70 tons. The company office is continuing to hand out, free of charge, customs clearance and [baggage] reception permits to the owners of the luggage until midnight.

As a result of all the additional people arriving, the airport's three waiting rooms are now very overcrowded. The flight arrival times have been arranged so that the average delay [in arrival] is only about 30 minutes. Also, there is no longer any delay in arrival of luggage, which has been a common phenomenon at the beginning of the [tourist] season.

The problem facing the passengers now is the long wait in front of the passport counters in Waiting Room No 3. Only two counters there are undertaking customs clearance procedures for passengers in jumbo-jets--planes which carry 500 passengers each. This is something which exhausts the passengers. About 2 hours go by from the time the airplane lands till the time the last passenger leaves the airport. Another reason for this is the fact that the conveyor belts are late in bringing their baggage.

The information desk employees are also complaining that they are not informed about airplane arrivals during the time of their arrival. This is due to the fact that there have been poor communications between the information desk and the old tower ever since the fire which occurred there last month.

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INVESTMENT CONFERENCE BEGINS

Cairo AL-AKHBAR in Arabic 11 Jun 82 p 6

[Article by Fatin al-Raziq: "Muhammad 'Abd al-Fattah [Ibrahim] Tomorrow Inaugurates the Investment Conference With the Arab Nations"]

[Text] Tomorrow the meetings of the Egyptian-Arab Investment Conference begin. This is the first such conference to be held since 1978. Speakers during the first day will be Muhammad 'Abd al-Fattah Ibrahim, deputy prime minister for economic affairs, and the ministers of industry, housing, tourism, agriculture and economy. They will talk about the new investment policy in Egypt and the future Egyptian-Arab economic cooperation. This is what has been stated by Muhammad Ghanim, the secretary general of the Federation of Egyptian Businessmen.

He said: "Participating in the conference will be 66 Arab businessmen from Kuwait, Saudi Arabia, Bahrain, Abu Dhabi, Qatar, Oman, and the UAE, including Ahmad al-Du'ij, the economic adviser to the Amir of Kuwait, and 150 Egyptian businessmen."

"During the conference there will be discussions concerning new areas of investment in Egypt, problems associated with implementing [investment] projects, and the businessmen's suggestions for solving these problems. Also, the Arab businessmen will be presented with a list of 126 projects prepared by experts from the Investment Authority in cooperation with the various ministries. These projects constitute a priority in [Egypt's] development plan and they are being submitted to the Arab businessmen for the purpose of discussing their participation in them. The projects deal with food supply, industry, agriculture, and housing."

Muhammad Ghanim went on to say: "The conference will also discuss proposals and projects submitted by the businessmen. There will be no problem in approving them as long as they are within the framework of the priorities set for investment in Egypt."

This conference is considered to be an important development and a mechanism for urging Arab businessmen and investors to once again participate in making investments in Egypt. The conference will go on for 3 days. At the end of the 3-day period, the conference's decisions and recommendations will be announced.



# PETROLEUM PRODUCTION COVERS DOMESTIC NEEDS

Cairo THE EGYPTIAN GAZETTE in English 19 Jul 82 p 3

[Text] A new agreement to explore for petroleum and exploit it was signed yesterday between the government and an international company for an exploration concession of 4000 sq km in Matruh area.

The Deputy Prime Minister for Production and Minister of Petroleum, Ezz Eddin Hilal, signed the agreement on behalf of the Egyptian government. The company undertook to spend \$32.5 million over a period of six years.

## Figures

The increase in petroleum production this fiscal year is estimated at 4 million tons. Thus the total production this year would amount to 37 million tons according to petroleum experts

The increase is also felt in the field of natural gas production. This was estimated at 2.8 million tons. Valued in terms of money the output in the petroleum sector is estimated at LE 3,548 million.

This amount can be divided up into LE 3.160 million of crude oil and natural gases and about LE 387.1 million of petroleum products. The importance of these figures, an expert said is that petroleum products nowadays cover the country's needs and secures a surplus to finance the economic development requirements.

A call arose in the past months to process the surplus crude oil output instead of exporting it. However this was considered as unstudied and naive call because of marketing consideration and large capital needs which our country cannot afford.

## Intensification

The new agreement come within the framework of the country's petroleum policy calling for more oil prospecting operations. The Industry and Energy Committee of the People's Assembly has called for the intensification of oil prospecting operations, legislations geared to encourage foreign oil companies to explore petroleum in new areas in a bid to increase the national reservoir of crude oil and natural gas output.

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## BRIEFS

JOURNALISTS' UNION CHIEF--Salah Jalal, head of the Journalists' Union and member of the National Democratic Party, has put his signature to the declaration made by the Permanent Office of the Federation of Arab Journalists. The declaration contains the following paragraph: "The office once again states its condemnation and rejection of the Camp David conspiracy and all forms of settlements involving capitulation [by the Arabs] and notorious initiatives which endeavor to abort the struggle of the Palestinian people and the right of the Arab world to liberate Palestine." The office's declaration, which bore the signature of Mahmud Sami, the secretary of the union, in addition to the signature of the chief of the Journalists' Union, also saluted the Egyptian people's resistance to the conspiracy to normalize relations with the Zionist enemy! [Text] [Cairo AL-AHALI in Arabic 2 Jun 82 p 6] 9468

POET RELEASED--The Office of the [Supreme] State Security Prosecutor, on the evening of Friday 16 April, released the popular poet Ahmad Fu'ad Najm from prison. By 12 April he had been in prison a whole year after being sentenced by a military court which had charged him with insulting Anwar al-Sadat, the former president of the republic, by writing the poem "An Important Announcement From the Shaqlaban Radio Station!" When his period of punishment expired, the prosecutor's office issued a decision to keep him in prison as a precaution for the purpose of conducting an investigation concerning another case having to do with composing some other poems. But then the prosecutor's office, 3 days later, changed its mind and released him. Mr Najm had spent his period of imprisonment in the Appellate Prison. [Text] [Cairo AL-TAQADDUM in Arabic 4 May 82 p 1] 9468

PAPER AFFILIATION--the Central Information Office reaffirms the fact that publications and magazines which appear abroad are not being published by, nor are they being published in the name of, the National Progressive Unionist Party. The office said that the only publications which officially express the party's opinions are those which are put out by the Central Information Office or by its branch offices in the various governorates. The office maintains that the English-language publication which appears in London and which is called THE EGYPTIAN MESSENGER, although its editor in chief is a member of the National Progressive Unionist Party, nevertheless only expresses the opinions of those putting out the publication and the publication has no connection with the party. [Text] [Cairo AL-TAQADDUM in Arabic 4 May 82 p 1] 9468

DELEGATION TO VISIT AUSTRALIA--Cairo, 22 Jul (MENA)--An Egyptian delegation from the Nuclear Powerplants Committee and the Foreign Ministry, led by Ahmad Fahmi 'Abd al-Sattar, chairman of the Nuclear Powerplants Committee for Generating Electricity, will leave Cairo for Australia tomorrow to sign an initial agreement for nuclear cooperation between the two countries. Mohamad Shakir, the foreign minister's adviser for nuclear energy affairs, stated that this agreement on transportation of the nuclear materials, including uranium, is a prelude to a final agreement that will be signed between the foreign ministers of Egypt and Australia before the end of this year. The delegation, whose visit will last 1 week, will include a number of Egyptian experts in concluding nuclear energy agreements for the Foreign Ministry. [Text] [GF221020 Cairo MENA in Arabic 0930 GMT 22 Jul 82]

SINAI OIL FIELDS--PRODUCTION capacity of the Sinai petroleum fields the Balaeem offshore and onshore fields will be developed from a present combined capacity of 130.000 barrels per day, to 200.000 barrels over the forthcoming 30 months a Ministry of Petroleum source said. In addition, an allocation of 82 million has been set aside to develop new fields, the source said. [Text] [Cairo THE EGYPTIAN GAZETTE in English 18 Jul 82 p 2]

IRAQI ARAB JOURNALISTS SECRETARY ARRIVES--Cairo, 22 Jul (MENA)--Sajjad al-Ghazi, the assistant secretary general of the Arab Journalists Union, arrived in Cairo from Baghdad tonight for a weeklong visit. Upon his arrival, al-Ghazi said that he carries a message from the chairman of the union, Sa'd Qasim Hammudi, to the Egyptian journalists doyen, Salah Jalal, on coordination between the Egyptian press syndicate and the Arab Journalists Union. Al-Ghazi added that he will hold a meeting of the offices for the coordination of the Arab-European dialogue and the Arab-African dialogue, which are concerned with the coordination of various activities between the Arab journalists and the European and African journalists of common interest in the vocational and training fields. [Text] [NC222324 Cairo MENA in Arabic 2305 GMT 22 Jul 82]

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# RADICAL SOCIAL TRANSFORMATION OF TEHRAN DESCRIBED

Zurich NEUE ZUERCHER ZEITUNG in German No 145 27/28 Jun 82 p 7

[Article by A. H.: "Tehran in the 4th Year of Revolution--Social Transformation"]

[Text] Tehran, in June. In Tehran, the revolutionary atmosphere of 1978/79 has left only very few traces. Even more remote is the period of rash "westernization" under the Shah. Of those times, there remain only a few scars on the face of the city. The burnt-out large cinemas that have been set afire by the revolutionary zealots present themselves as charred ruins on some of the main thoroughfares. Their doors have been walled up and their owners probably fled abroad. The smaller cinemas that are still in operation only show war movies; in the view of the clerical censors, who are not prepared to let pass even a single kiss, all other movies contain too much eroticism.

The traffic in the city still is denser than that of a city such as Zurich. However, the vehicles no longer bunch up in well-nigh immovable clusters such as occurred during the reign of the Shah; at that time, demonstrators took advantage of that situation: They were able--without fear of punishment--to distribute leaflets among the immobile automobiles. Today this is no more than a memory. At present, Tehran's yellow taxis constitute approximately 70 percent of the traffic, since on weekdays only the public means of transportation and the vehicles of state agencies are allowed on the streets. On the weekends, one sees the wealthy residents of the upper town drive their white Mercedes and red sports cars along the streets. On weekdays, the police intervene. One again sees uniformed police. They have replaced the armed young men of the revolutionary period, the amateurs who--carrying a submachine gun--used to control the city traffic. Many of these armed men have now become members of the "Army of the Guardians of the Revolution"; they are fighting in far-off Khusistan or elsewhere at the western borders, if they have not already been killed in action and--as they say here--turned into martyrs.

From Pahlavi Boulevard to Wali-Asr Boulevard

Tehran has experienced a radical social upheaval. This is most evident on the magnificent boulevard--extending over many kilometers--that links the southern, lower town, which is inhabited by the poor, with the wealthy, elevated residences in the north. For a long time, the boulevard with its four rows of plane trees and the irrigation channels running in between went by the name of Pahlavi Street--the name being taken from the then dynasty. Immediately after the change of power, it was named after Moussadegh, the nationalist premier who in 1951 nationalized the oil

company and in 1953 deposed and drove into exile the Shah, but who 3 days later was deposed through a counterrevolution that in part was organized by the CIA. Since then, Moussadegh has always been the idol of the bourgeois Iranian nationalists. However, Moussadegh was never a man devoted to Islam; rather, he was a French-educated intellectual, a landowner from an aristocratic family. This was sufficient reason for changing once again the name of the magnificent boulevard: Today it is called Wali Asr. According to the Islamic tradition, Wali Asr is the saint, the man of God of his age, on account of whose piety God allows the world to go on, disregarding the sins of his contemporaries. According to popular Islamic belief, every age is supposed to have such a righteous man of God, who frequently lives in seclusion and who is known to no one but God. In the opinion of the rechristeners of the former Pahlavi and subsequent Moussadegh Street, the present Wali Asr undoubtedly is Khomeini.

#### The Lower Town on the Way Up

At present, Wali Asr is crowded with street vendors. Every day, they bring their goods in bags and on carts from the Lower Town and exhibit them on the sidewalks--in front of the windows of the formerly elegant stores that presently display their last luxury goods from Italy, France and London. The street vendors offer all the necessities of life and all sorts of luxury goods, above all the Iranian surplus goods that must be disposed of at throwaway prices: leather goods, especially shoes and handbags; socks; slippers; diverse cloths; various garments--colorfully piled up on a ground cloth. There are fruit, occasionally a live sheep, and then there are all sorts of junk of the industrial age: sentimental, high-gloss pictures; books; diverse stationary; tools; parts for electrical equipment; tape cassettes; artificial flowers; glass- and earthenware. Among all these things, there moves a colorful crowd. The women more or less veiled; young men standing about in small groups, young girls in pairs, carrying their schoolbooks. People look rather than buy. From the Lower Town, where it was formerly located, the Bazar has moved into the formerly imperial boulevard.

The owners of the luxury stores stand in their doorways and watch the doings with concern and their concern is justified. Business is bad. No one has the money to buy the goods bearing the logos of the European fashion studios, jewelers and designers. Sporadically, a couple of women linger at the store windows displaying the last, unsalable articles. Whoever enters the stores finds empty shelves. The state import agencies no longer issue licenses for European luxury goods.

#### Obligatory 'Veiling' of the Women

As far as the women are concerned, they now generally wear the "Islamic hijab" in public places. No woman dares to go out without a kerchief, not even the foreigners. There are two ways of "Islamic veiling": The women either wear the traditional large wrap, the chador--now mostly black, whereas formerly it was gray-white or gray and frequently showed a floral pattern; or they resort to the "manteau," a light dark-colored coat that is worn over trousers and that must be complemented by a kerchief covering the hair. This--more elegant--solution is offered by the fashionable apparel stores, which post signs announcing that they carry "manteau and sharval" (trousers).

According to notices posted at the entrances of banks, state agencies, and even department stores, only "Islamically veiled women" are admitted. Even in the more elegant hotels, restaurants and cafes, the "veiling" is obligatory. According to a story told in diplomatic circles, the ambassador of a neutralist country recently was forced at the last moment to cancel a banquet, because the employees of the luxury hotel that was supposed to cater the event did not grant admittance to his "unveiled" wife.

#### Inflation Pressure on the Middle Classes

Coming up from the poor, southern parts of the city to the formerly wealthy districts in the north, one notes that most of the pedestrians in the upper and central city have an anxious or scowling look about them--one hardly ever sees a smile. Almost all of the people passing by appear to be depressed. The inhabitants of the Lower Town, however--the people near the Bazaar and those to the south of it--are relaxed as ever, ready to laugh and to engage in friendly talk.

Apparently, the people from the upper districts are forced to lower their standard of living. Business is down; the salaries of the civil servants (calculated in rials) have been reduced by approximately 20 percent; because the state no longer pays for overtime and because the civil servants' social benefits have been cut. At the same time, the annual rate of inflation has increased to 60 to 70 percent. This means that the members of the lower and upper middle class can no longer make do with their income. "They live off their savings," say the people of Tehran. "And those who have depleted their bank accounts must sell their belongings: electrical appliances, furniture, clothes!"

The lower classes have not been hit as hard. They have always lived very simply and their demands are not very high. For the necessities of life, they get subsidies from the state, mostly through the local mosques. The subsidies are especially generous, if the recipients are prepared to serve the Islamic Republic--as guardians of the revolution, as army volunteers or as secret agents of one of the numerous security services. There is a black market for food coupons, since there are quite a few favored individuals who receive more than they need for themselves and their families.

#### Rations and Free Market

Every night, at the end of the news broadcast, the state radio informs the people what coupons may be used the following day to purchase half a chicken or a piece of frozen fish. The next morning, the people of Tehran queue up at the respective stores. Whoever does not want to stand in line or has no coupons or wants to get different food must spend a lot of money. In the free market, meat costs 4 times as much as a year ago. In the simpler restaurants, where formerly many traders and small businessmen had their lunch, one presently finds only young men and veiled young women, who obviously belong to revolutionary organizations. Only such individuals have sufficient money to order the kebab, the rice and the roast meat, the prices of which have increased 300-400 percent.

The fruit juice vendors at the street corners likewise have fallen on hard times. Their apple, grape, orange or melon juices have become too expensive. Only very rarely does one see a few young people who can afford to buy these drinks; most of them appear to belong to the military or the civilian guard service.

No one seems to be starving, though. Bread is not rationed and is in ample supply. No one needs to stand in line to obtain bread. One frequently sees simple Iranians by the roadside, who make do with a lunch made up of a few pieces of bread and one of the domestically produced soft drinks. The poor never ate more than that; and the majority of the Iranians have always been poor, even under the Shah.

#### Guarded State Buildings

The offices of the present rulers can easily be recognized by their blocked accesses. Armed men in front of the doorways keep cars from parking by the sidewalks--marked by chains and ropes--behind which are located the more important state buildings. On the roadways, bumps have been installed in order to make the cars drive slowly. These are security measures against car bombs and against gunfire from passing cars. The access roads to the key ministries are totally blocked and one needs special permits just to approach the buildings. Islamic committees dating from the revolutionary period are still present in every building. They have turned into busy, semiofficial centers--with armed civilians ever present. On the roofs, guards are stationed. Some of the sidewalks in front of the buildings are adorned with lights, in front of which hang the pictures of fallen "martyrs" from the ranks of the guardians of the revolution. In the evenings, loudspeakers broadcast sermons, speeches and brief fragments of military marches. The streets are empty here; the pedestrians prefer to give this area wide berth. One never knows what may happen in a place where there are so many armed men and their bombs may be hurled.

#### Dark Inner Courtyards

This is the people-oriented face of the present regime. In the back alleys, one sometimes encounters hidden centers of power. Many of Tehran's older houses are surrounded by courtyards and gardens that are cordoned off from the street by solid walls and high stone gates. These old interior courtyards and gardens are full of life again. Guards are posted at the entrances; Islamic inscriptions--their letters 6 feet high--are painted onto the walls. The slogan "No Party But the Party of God" appears to be the one officially favored. God is implored to grant a long life to Khomeyni, until the coming of the Mahdi, the Messiah of the Shiites. As an unauthorized person, one does not know what goes on behind the walls. There are no signs providing information. Young armed men come and go; some of them order the passers-by to cross over to the other side of the street. From acquaintances, one learns that behind one of these guarded stone gates--far off in an elegant garden district that formerly was inhabited exclusively by millionaires--there reside the henchmen of the Ayatollah Khomeini who at the beginning of the revolution was notorious for the many death sentences he meted out. These people now are charged with drug control. They beat their prisoners, whose screams can be heard at all hours.

#### Assassination Attempts and Hostage Executions

Political assassinations still happen in Tehran; but few of them are directed against political or religious leaders. These personalities are well guarded. For the most part, it is lowly guardians of the revolution who are shot and killed in the street. Frequently, the victims are pedestrians hit accidentally. In Tehran, some people think that the government has changed its policy vis-a-vis the

assassins and that it reports assassinations only if they can no longer be hushed up. Similarly, executions are no longer reported; but the informants claim that death sentences are still carried out quite frequently in the prisons, above all in Evin where after every assassination attempt by the underground opposition many of the imprisoned Mujahedin-e-Khalq are executed. It is impossible to verify these reports, but the people consider them to be true.

8760

CSO: 4620/52



IRAN

## U.S. VIOLATIONS OF ALGERIA ACCORD REPORTED

GF230940 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT  
22 Jul 82

[Text] According to our correspondent, the broadcast by the Voice of the Islamic Republic of the remarks by Mohammadi, official in charge of the Office for Coordination of the Algiers agreement, was received with surprise in Tehran's political circles. This is at a time when the bill on Voice and Vision of the Islamic Republic was passed in the Majlis recently. According to one of the articles in this bill, the organization must avoid broadcasting any news or commentary which is harmful to the security or damaging to the honor of the Islamic Republic.

The remarks by Mohammadi to Algerian officials and international organizations carried by the Tehran Radio and television has caused the officials of the regime to be dishonored in the eyes of the public, and even in the eyes of their own supporters.

To date, the regime's officials have always denied claims by opposition organizations concerning the plunder of billions of dollars of the wealth of the Iranian nation by the deal on the U.S. hostages, and have always attributed the true fact that the U.S. officials have not returned the Iranian wealth according to the agreement reached in Algeria--in fact they have confiscated it--to lies and slander.

The remarks made by Mohammadi yesterday, which were published in Tehran's papers last night, confirm the opinion of the regime's opposition. Tehran Radio also carried the revealing remarks of Musavi, the prime minister of the regime yesterday. He said: On the subject of the Algerian agreement, the Iranian delegation held extensive talks with our Algerian brothers, since Algeria, as observer and coordinator in this agreement, can play an effective role. He said: We have some claims against the United States, and we have discussed with our Algerian brothers the obstructions which are committed by the American criminals regarding the Algerian agreement. We asked our Algerian brothers to take more effective action on this matter, and they promised us that they would investigate and follow up the case. The Radio of the Islamic Republic of Iran then quoted Mohammadi's statement and said that Azar Mohammadi, an official of the Coordination Office on Algerian agreement who accompanied Musavi's delegation to Algeria, after

several sessions and discussion with Algerian Foreign Ministry officials on U.S. violations of the Algerian accord, in an interview with IRNA in Algeria said: Our nation knew that the United States would not comply with the terms of the agreement in spite of its commitments. Now, nearly 2 years have passed since the acceptance of the agreement by the United States, and even though the case of the hostages is closed, the United States Government has not complied with its commitments. He also added that there are 21 U.S. violations of the Algerian agreement, including freezing of Iranian assets in American banks. In addition, the U.S. has not only refrained from delivering and refunding the assets of Iran, it has also not taken any measures on the shah's wealth and is trying to conceal the facts from the Iranian Government. He said: We will refer the case to the International Court of Justice in the Hague for final settlement.

CSO: 4640/414

## BACKGROUND OF INVASION OF IRAQ ANALYZED

### Causes of War Examined

Paris LE MONDE in French 16 Jul 82 pp 1, 4

[Article by Eric Rouleau: "Tehran's Suspect Calculations"]

[Text] All wars are just wars for those who start them. The Iranians, just like the Israelis in Lebanon, are convinced of their rightness in invading Iraq, not only for religious motives -- far from it -- as Tehran's phraseology might lead one to believe, but essentially for psychological and political reasons.

The citizens of the Islamic Republic have been the victims of aggression costing them at least 120,000 lives, most of them civilians killed in the bombings. Some 100,000 of their fellow Muslims in Iraq have been driven from their land, leaving behind their homes and worldly possessions, and have joined the 2 to 3 million war refugees in Iran. The oil industry has been hard hit and the Iranians will have to make heavy sacrifices for many years before being able to reap the harvests of their natural resources.

Since revolution and religion are inseparable in the prevailing ideology, many citizens of the Islamic Republic feel they are defending their political and social conquests, as well as their independence, by overthrowing the "atheistic" regime in Baghdad, which was first of all the ally of the Shah and then, in their eyes, of American imperialism.

Having achieved the feat of driving out the Iraqi forces using singularly modest means, the Tehran leaders are now obviously trying to gather the additional fruits of their "Valmy victory." They are thus giving up one postulate, which they have constantly defended, to the effect that "the revolution is not exportable like a cheap commercial product." Their war objective is henceforth to "help the Iraqi people overthrow the oppressive regime of Saddam (Hussein)." Imam Khomeyni has called on the people to rise up and on the soldiers to turn their weapons against their leaders.

Political-strategic calculations have won out over a generally sound doctrine, inasmuch as it has been tested in other places and under other circumstances. The leaders in Tehran undoubtedly believe that they can easily win new

victories because the Iraqi Army has been decimated over the past 22 months of fighting. According to Western estimates, it has lost 60,000 soldiers and officers, killed or wounded, without counting the 42,000 prisoners being held by the Iranians. In other words, one out of every four soldiers is out of the war.

A beaten army is potentially threatening to the regime in power. The leaders in Tehran are therefore betting on a coup d'etat in Baghdad, which would crown their undertaking with success. The ideal thing for them would be a popular uprising that would serve as a detonator for the "Islamic revolution," which they are calling for with all their might. They are counting on the Shiites in southern Iraq (60 percent of the population of the Ba'thist Republic) who believe they are discriminated against by the Sunnite minority governing in Baghdad.

These calculations, analogous to those that led Hussein to launch the invasion of Iran in September 1980, are suspect, insofar as they fail to take in other factors that may predominate in the long run.

Actually, just as the Arabs in Khuzistan did not run to the aid of their "brothers" coming from Iraq, the Shiites in southern Mesopotamia might not lend their Persian co-religionists a hand. On both sides of the border, nationalism remains a central element in the people's psychology.

Nor is it certain, under the current conditions, that the Ba'thist army would rebel when the national soil is invaded by foreign forces, especially since it does not seem to have lost its cutting edge, judging by its resistance around Basrah and by the bombing of Iranian cities over the past 36 hours.

The Baghdad regime is naturally isolated domestically and must rely on many opposition groups: nationalist, communist and Islamic, which should theoretically rejoice at the death blows which Iran is preparing to deal out to the Ba'thist leaders. But here also, things are not so simple.

In general, it is never very glorious to be "liberated" by a foreign force. In this particular case, the lay organizations and parties, whether Kurdish or Arab, have no desire to see Tehran set up an Islamic government in Baghdad that will not take long to outlaw all those who do not follow Khomeyni's ideas, as has already happened in the Islamic Republic. All things considered, the lay opposition in Iraq would prefer that the Iranian forces not win a decisive victory and that they be limited to further weakening the Baghdad regime. It would then be able to overthrow the regime in its own behalf.

Much naturally depends on the evolution of the hostilities and the strength of international and regional reaction to which they give rise. Arab opinion is undoubtedly divided, to say the least, on the timeliness of this war.

Disgusted by the passiveness of the Arab regimes regarding the Israeli invasion of Lebanon, some are reportedly tempted to share the opinion expressed by Khomeyni that "the liberation of Palestine" depends on the elimination of governments labeled as "accomplices of Israel and imperialism." This belief,

which the radical wing of Arab nationalist movements defended in the years following the June 1967 debacle, undoubtedly has its followers. On the other hand, many Arabs will not understand why Iran is involved in a "diversionary operation" which, in the immediate future, can help only Israel.

Several conservative Arab nations on the Gulf, deeming themselves directly threatened by the Tehran offensive, are already asking for the convocation of a summit conference that would give priority to consideration of the war in the Gulf. Meeting in Nicosia, in principle in order to define their position on the Israeli invasion, the representatives of 53 nonaligned countries are now forced to discuss a conflict that threatens the territorial integrity of Iraq, which is to preside over the movement of nonaligned nations this year. In the face of the disarray and the splits caused by Tehran's warring stance, Israel might be tempted to give up negotiations underway in order to deal the PLO a fatal blow.

It is not impossible, in fact, that the government in Jerusalem may deem its hands are free to attack Beirut at a time when Washington's concern is turning away from Lebanon and toward the Gulf region, considered to be much more vital to Western interests. It is probably premature to fear the expansion of the Khomeyni revolution to the oil emirates and kingdoms, but they are not invulnerable -- far from it -- due to the archaic nature of their political systems, in some cases, and to their discredit resulting from their refusal or inability to help Lebanon.

Washington and its Arab allies in the Gulf have one more reason to be alarmed: The possible fall of Saddam Hussein's regime would endanger the regional balance to the benefit of countries hostile to the United States or allied with the USSR. In particular, the Jordanian monarchy would be weakened with respect to Syria, which would not take long to forge a Damascus-Baghdad axis. Kuwait would be caught between Iraq and Iran, without being able to count on the support of Saudi Arabia, which is itself on the defensive.

We have not reached that point. But if the threats were to continue to grow, some Gulf countries would very likely be led to ask for American aid. Khomeyni would then have proved his point that the conservative Arab regimes are only "lackeys of American imperialism," but he will also have helped to strengthen the influence of the United States throughout the region, without perhaps achieving his own objectives thereby.

#### Progress of Operation "Ramadan"

Paris LE MONDE in French 16 Jul 82 p 4

[Text] Operation Ramadan, launched by Iranian forces against Iraq on the night of Tuesday, 13 July, to Wednesday, 14 July, on the southern front, now turns out to be a wide-ranging offensive that the Iranian leaders seem to intend to pursue to the end. This Thursday, the correspondent of the REPUBLIQUE ISLAMIQUE at the front announced that on Wednesday evening, the Iranian forces were only 7 kilometers from the great Iraqi port of Bassorah. He also stated, referring to one higher officer, that these forces have occupied "strong strategic positions" 25 kilometers inside Iraqi territory.

According to the Iranian press, the attackers struck at several points on the border in southern Khuzistan Province, with the northernmost sector of the offensive being in the region of the Iraqi city of Al-Kournah, 60 kilometers from Basrah, opposite Djofair in Iran. They admit that some resistance was encountered in the area of Talayeh, near Djofair.

The offensive was encouraged by an appeal from Khomeyni quoted by Radio Tehran. "Residents of the holy cities of Iraq: Take advantage of this opportunity which God has given you. Rise up and take your destiny in your own hands," he said, adding: "Inhabitants of Basrah, welcome your Iranian brothers in order to cut off the hands of the Ba'thists. Iraqi soldiers, your brothers have come to save you. Rise up and with their aid, save your country and yourselves. These are decisive times. Either Islam will conquer heresy or, if there is negligence, there will be a failure."

On Wednesday afternoon, Radio Tehran broadcast a short poem whose last verse reads: "From Basrah, forward to Baghdad." It announced that 400 Iraqis taken prisoner at the beginning of the offensive had been transferred to Ahwaz, capital of Khuzistan, on Tuesday evening and went on to state that the Ahwaz-Khorramchar road is no longer under fire by the Iraqi artillery. Finally, it stated that 20 Iraqi tanks were destroyed and four bombers shot down.

For its part, Iraq published a bulletin on Wednesday evening stating that its forces had driven back the attackers by making "costly surprise hits on the enemy forces." Iraq also claimed an air raid on the main Iranian oil terminal on Kharg Island in the Gulf, although it admitted losing a plane. According to Radio Baghdad, the raid was made by way of reprisal for the shelling by Iranian artillery of residential areas and vital facilities in Basrah, Abu-Al-Khassib, Al-Kournah and Fao in the southern region of the country.

For his part, President Saddam Hussein delivered a speech on Tuesday evening before knowledge of the launching of the Iranian offensive. Speaking to religious people in the central and southern regions of the country, he emphasized that it was up to Iraq "not only to defend its territory, but also to fight the corruption of the Iranian regime and to confront the deviation of that system." He also issued an appeal for the support of the "members of the Arab and Islamic nation who want to practice the principles of Islam and of brotherhood." (AFP, AP, REUTER).

#### Importance of Basrah Stressed

Paris LE MONDE in French 16 Jul 82 p 3

[Text] On Wednesday evening, 14 July, Iranian forces reportedly penetrated as far as 7 kilometers from Basrah, the second-largest city in Iraq (1.5 million inhabitants), its most important industrial center and only maritime port. Basrah's industrial activity, including an oil refinery, is marked by its proximity to oil production zones. However, the region is also one of the world's leading date-producing areas. The border, which becomes one with the Chott El-Arab, a tributary of the Tigris and the Euphrates, comes within 20 kilometers of Basrah, then, in the south-north direction, crosses a flat,

desert region which, in the rainy season, turns into a vast swamp. The triangle made up of the Chott El-Arab, the marsh land and the border, has been turned into a gigantic rear camp by Iraq. At the end of April and the beginning of May, most of the forces previously engaged in the Iranian province of Khuzistan retreated there.

#### Possible Foreign Involvement Discussed

Paris LE MONDE in French 16 Jul 82 p 3.

[Article: "The Iranian Offensive Against Iraq"]

[Text] The Iranian military offensive against Iraq surprised neither Paris nor Washington, but it did give rise to strong concern in both capitals, as it did in Cairo and Ryad. "We have feared these events for weeks," Claude Cheysson said at a reception at the Elysee Palace on 14 July. The minister of foreign relations said that the consequences of the conflict "may be very grave" and he expressed hope that it would be confined to a "simple military operation of a limited scope."

The United States fears the consequences of the conflict on Gulf regimes, beginning with Saudi Arabia. Secretary of Defense Caspar Weinberger told an American television network that Khomeyni is "completely irresponsible" and that "if Iran conquers Iraq, it will seek at all costs another place where it can exert force."

However, the White House confined itself to a cautious position, our correspondent in Washington said. "Since the beginning of the war, the United States has remained neutral and will remain so," spokesman Larry Speakes said, adding that the United States "supports the independence and territorial integrity of Iran and Iraq, opposes the taking of territories by force and recommends an immediate cessation of hostilities and a negotiated settlement."

The White House added that the American Government is consulting "friendly nations" in the region on the "measures needed to ensure their security." Such consultations began with Saudi Arabia, Egypt, Jordan and Israel. No specific details were given on the measures being considered. In 1980, after the conflict broke out, the Pentagon deployed four AWACS radar planes in Saudi Arabia at Ryad's request and they are still there. A year later, the United States decided, after a noisy debate in Congress, to sell five of these planes to the kingdom, which will take delivery after 1985.

According to our correspondent, the American leaders are very frustrated when they feel unable to control or even exert influence on a situation potentially dangerous for the United States' basic interests, beginning with the oil supply, and those of their moderate Arab allies in the region. "We are limited in our possibilities of action," acting Secretary of State Shultz said before the Senate Foreign Affairs Committee. "The danger of seeing this conflict spread is very real," Senator Howard Baker, leader of the Republican majority, said.

On Wednesday afternoon, only a few hours after the Iranian offensive began, the Security Council was called together for informal meetings that were to lead to a statement. Egypt asked the two parties to the conflict to "respect the values and principles of Islam during this month of Ramadan and to open a dialogue in order to resolve differences." President Mubarak also warned Tehran against an invasion of Iraq, where nearly a million Egyptian workers are found.

On Wednesday, Radio Ryad stated that Iran is trying to "divert attention from the invasion and occupation of Lebanon by Israel, whose aid to Tehran was confirmed by the Israeli defense minister, Ariel Sharon." For their part, the PLO representatives at the meeting of the Coordinating Committee of Nonaligned Nations in Nicosia expressed the fear that Iran might seek to overturn the agenda of that session normally devoted to the Lebanese crisis. Finally, King Hussein said on Wednesday that it is necessary to call an Arab summit conference to examine the situation created by the two conflicts.

Arab concern is all the greater because at the OPEC meeting in Vienna a few days ago, Iranian Minister of Petroleum Mohammad Qarazi recalled his country's objectives: "the overthrow of President Saddam Hussein and the Ba'th Party and the payment of reparations." He added: "The countries in the region that financed the Iraqi war effort will also have to pay, not financially, but politically, because their regimes will collapse." (AFP)

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CSO: 4619/113



EIGHTEEN HYPOCRITES ARRESTED IN KHUZESTAN

GF271650 Tehran JOMHURI-YE ESLAMI in Persian 8 Jul 82

[Excerpts] News Service--The central headquarters of the Islamic Revolution Committee, in its second communique, announced the names and gave the details about 18 hypocrites who were arrested 2 days ago by the brave and always-aware guards of Khuzestan during the discovery of 59 team houses.

According to the report by our correspondent, the text of the second communique is as follows:

This operation destroyed 90 percent of the hypocrite operation in Khuzestan, 50 main and active members of hypocrites were killed and arrested. The names of a few leaders of hypocrites, who were arrested and killed in Khuzestan in the "Ya Hoseyn Farmandehi" operation will be announced for the benefit of the Hezbollahi Umma:

1. Mohamad Hadi Shahrestani, alias Dawood, member of the central organization in Khuzestan and the technical and security chief.
2. Arsalan Sheikhani, alias Ahmad, Abbas, and Farhad, member of the central organization in Khuzestan. He was the chief of the army teams and the commander of assassination, demolition and recognition operations.
3. 'Abdolkarim Silabi 'Arab, alias Kazem, member of the central organization in Khuzestan and chief of the workers department.
4. Naser Hafezi, alias Reza, Jalil, Sa'id, and Mas'ud Amani, member of the central organization in Khuzestan and chief of social affairs of Ahvaz.
5. Fariba Bata'i, alias Akram, and Esmat, member of the central organization in Khuzestan, member of the political department of this organization and person in charge of families of those executed in Ahvaz.
6. Omid 'Ali Qorbani, alias Mahran, Nabi, and Akbar Qorbani, member of the central organization in Khuzestan and member of sabotage demolition and identification teams.

7. Mohamad Riahi, alias Saleh, chief of army operations of the teams, chief of mobilization, person in charge of the logistics section, and a member of the Security Council of Ahvaz.

8. Parichehreh 'Asareh, alias Farideh and Ashraf Taqva'i, the wife of the executed hypocrite Mohamad Taqi 'Erfanian, former chief of the teamhouse, member of the political department and the correspondent of the news bulletin of the organization in Khuzestan.

9. Sudabeh Y'Aqubi Nezhad, alias Seddiqeh and Tahereh, chief of the girls' teams. She is the wife of the executed hypocrite 'Alireza Goharian.

10. Gohartaj Sa'adat, alias Fatemeh, Faranak, a'Azam and Azar, chief of the militia and resistance departments and member of the social organization in Khuzestan.

11. Nader Rahmanifar, alias Gholamreza and Behnam, chief of the resistance department in Khuzestan.

12. Jahanshah Dast-Goli, head of the military department, preparation of ammunition and army terrorist and arson operations of the Khuzestan organization.

13. Ne'matollah Ru'in-tan, alias Bahman, member of the army and terrorist organization and in charge of preparing time bombs and spurious license plates for the organization.

14. Mohamad Atash-Jame', alias Taher, chief of the teamhouse and the chief of terrorist and sabotage operations.

15. Marzieh Gholame, alias Roya, chief of the girls' resistance department of the organization in Ahvaz.

16. Taraneh Esma'il-Nezhad Zabihi, alias Zahra and Shiva, member of the political department of the organization who compiled and wrote the political news bulletins of this organization in Khuzestan.

17. Sadeq Jawaher Kalam, alias Mas'ud, chief of contacting the families of the executed members of this organization in Ahvaz.

18. Seddiqeh Behzadian, alias Shirin and Fariban chief of the girls' resistance department in the education department in Ahvaz.

[Signed] Public Relations Department of the central headquarters of the Islamic Revolution Committee.

CSO: 4640/414

HYPOCRITE ORGANIZATION PLOT IN AHVAZ REVEALED

GF261352 Tehran KEYHAN in Persian 12 Jul 82 p 4

[Excerpts] Ahvaz, IRNA--Brother Vahab Sakhirabi, head of the Central Islamic Revolution Committee in Khuzestan, in a special interview with the JOMHURI-YE ESLAMI correspondent, has discussed the details of the "Ya Hossayn" operation in Ahvaz, which resulted in the discovery or annihilation of a large number of hypocrites and their supporters and the discovery of large numbers of dens of inequity and interorganizational documents. He said: The operation, which lasted 10 days, began on 22 April. We, with the help of the always-on-the-scene people of Ahvaz, were able to discover 25 communal houses and capture 42 hypocrites.

In the second phase of the operation, which began on 17 May and still continues, we were able to deal mortal blows to the organization in Khuzestan. In these operations, many members and supporters of the hypocrite organization [Mojahedin-e Khalq] have either been killed or wounded. In this phase of operation, another 40 communal houses have been discovered and a large quantity of interorganizational documents, several colts, tens of grenades, several kalashnikovs, pamphlets and bulletins, TNT, powerful time bombs, explosive primers, powder and hundreds of types of ammunition were found.

He then mentioned a number of the plots by the hypocrites and said: The first calamity which the hypocrites were going to create in Khuzestan was to attempt to damage the Jerusalem operation. They were preparing for the assassination of 40 air force cadets and this shows their ties with the Iraqi Ba'th Party.

He then referred to the neutralization of the plot to assassinate the Ahvaz Friday imam, the Shar' magistrate of Khuzestan revolution courts, the governor general and many committee members and Hezbollahi individuals, as well as various plans for bombings and said: In the second phase of the operation, around 110 hypocrites have been annihilated or arrested. He added that two committee guard members, 'Aziz Qanavatizadeh and Manuchehr Hoshiari, attained the goal of martyrdom and another three were wounded in these operations.

CSO: 4640/414

CLANDESTINE ON MUSAVI-ARDABILI FRIDAY SERMON

GF251244 (Clandestine) Radio Iran in Persian to Iran 1330 GMT 23 Jul 82

[Text] Musavi-Ardabili, the president of the Supreme Court of Khomeyni's regime, in the Friday prayers at Tehran University once again stressed the need for continuing the war and again [word indistinct] of Islamic Republic for war in order to destroy the regime in Iraq [words indistinct]. Even though he said that the Islamic Republic of Iran does not mean to invade any country, he emphasized that the Islamic forces will not stop fighting on Iraqi soil.

These statements of Musavi-Ardabili, which are contradictory and opposite the statement of 'Ali Khamene'i, the president of the Islamic Republic of Iran, that was given yesterday in [words indistinct]. Khamene'i in the 'Id sermon yesterday in Tehran University explained the attack of Iranian forces as self-defense and said the regime's goal is to destroy the artillery positions Iraqi forces are using to shell the border cities of Iran. The contradictory statements by (?officials) of the Tehran regime on one hand say that the reason for the war is to overthrow the Iraqi regime and on the other hand say the battle is a (?self)-defense operation. They have become more persistent, especially after the unsuccessful operations and loss of Khomeyni's forces in attacks inside Iraq.

Another interesting point in the speech by Musavi-Ardabili in his [words indistinct] severe attack on the Tudeh Party. Musavi-Ardabili, without mentioning the Tudeh Party by name, obviously attacked it and said some parties and groups which are attached to other countries act as if they are supporters of the Islamic Republic but are waiting to inject their venom at the right time. He said that people should be careful so that these kinds of parties and groups do not interfere with their thoughts.

As has been mentioned in the news before, the weekly magazine MARDOM, which belongs to the Tudeh Party, was closed and the attack by some representatives in the mullahs' Majlis on the USSR and the politics of that country in the last few days and now the attack by Musavi-Ardabili show a new negative change in the relationship between the Islamic Republic of Iran and the Soviet Union.

CSO: 4640/414

IRAN

# TEHRAN REPORTS CAPTURE OF COUNTERREVOLUTIONARIES

LD271812 Tehran Domestic Service in Persian 1630 GMT 27 Jul 82

[Text] According to the Central News Unit, the Public Relations Office of the central headquarters of the Islamic Revolution Committee has issued a statement saying that the guards of the Islamic Revolution Committee of Raja'i-Shahr [housing estate in Tehran suburb] in cooperation with the members of the Party of God, arrested 39 important cadres of the rebellious hypocrites minigroup [Mujamedin-e Khalq] and captured a large quantity of ammunition, a number of firearms, including G-3s, revolvers, grenades and some important organizational documents. Following their arrest, one safehouse was discovered in Tehran and all its occupants arrested. The names of some of those who have been arrested are as follows:

(Hasan Panahi), a member of the military cadre in charge of supplies and weaponry; (Mohammad Emami), a member of the military cadre, a staff member of the hypocrites' radio in charge of communications and wireless. He is the brother of (Mostafa Emami), the destroyed Majlis candidate of the hypocrites organization in Raja'i-Shahr; (Hoseyn Soquti), alias (Javad), the chief official of the organization in charge of finances in Raja'i-Shahr, one of the active military cadres who confessed to having thrown molotov cocktails at the houses of the Hezbollah members on 32 occasions; (Fatemeh Kamalpur), a member of the military cadre; (Soheyla Mo'ayyedi), an active member; and (Parvin Gholami), an active member.

All the accused have been handed over to the appropriate authorities together with all the discovered documents and materials.

Finally, once again we warn the remnants of all the deceived members of the counterrevolutionary minigroups to return to the embrace of Islam, this liberating ideology, before it is too late and to release themselves from the torment of this world and of the next.

CSO: 4640/414

'KEYHAN' ON LIBERATION OF BUKAN RESERVOIR

GF261415 Tehran KEYHAN in Persian 15 Jul 82 p 17

[Text] Urumiyeh: The reservoir of Zarrineh Rud in Bukan District, which was in the hands of the armed counterrevolutionary elements, was liberated by the combatants of Islam yesterday morning. All the bases of the counterrevolutionaries in the vicinity of the dam were occupied by the defenders of Islam.

The governor of Miandow Ab and the district governor of Bukan, confirming this report, said: At 2100 hours on the night before last the combatants of Islam took steps to free the dam with all their might and liberated it at 0930 yesterday without sustaining any losses. The governor of Miandow Ab added: The Zarrineh Rud reservoir contains 685 million cubic meters of water and soon the workers and the persons in charge will go back to work and it will resume operations.

Mahabad: According to the Central News Unit, at 1800 yesterday, the sold-out counterrevolutionaries attacked the military bases of (Gorg Tappeh) and (Bardarshan) in the Mahabad-Miandow AB axis where they encountered the valor and resistance of the combatants of Islam posted at the base.

In this clash that continued till 0600 yesterday morning, the courageous combatants posted at this base put up such remarkable resistance that the attackers were forced to flee, leaving behind a large quantity of arms and equipment such as the RPG's, kalishnikovs, G-3's and grenades. The bodies of five of the attackers were removed to the Mahabad Red Crescent yesterday.

Fortunately, the combatants of Islam did not suffer any losses. During this clash, the counterrevolutionaries committed another crime by setting fire to the fields of the hardworking villagers in order to make their escape.

CSO: 4640/414

## BRIEFS

QAZVIN 'HYPOCRITE' NETWORK DESTROYED--Qazvin--The Public Relations Department of the Central Revolution Committee of Qazvin in a contact with the Central News Unit in the region announced: Following the destruction of the bases for plotting and dissent belonging to internal counterrevolutionaries, the brother guards of the Qazvin Islamic Revolution Committee, with the aid of information supplied by the Hezbollahi Umma, were able to discover four communal dens in Qazvin, capture 29 members of the treacherous hypocrite organization [Mojahedin-e Khalq] and locate a large number of interorganizational documents following intensive efforts. With the destruction of these dens, one of the most important hypocrite networks in Qazvin was destroyed. [Excerpt] [GF261038 Tehran ETTELA'AT in Persian 6 Jul 82 p 4]

COUNTERREVOLUTIONARIES 'ANNIHILATED' IN BUKAN--Sanandaj--The IRNA correspondent, quoting the Islamic Revolution Guard Corps of Sanandaj, reports that the area of (Dezh-e Sa'in), a district of Bukan and an important stronghold of the counterrevolutionaries for the past 3 years, was liberated this week. According to the same report, the fighters of Islam annihilated 75 counterrevolutionaries and wounded many more during the operation. [Text] [GF260923 Tehran ETTELA'AT in Persian 6 Jul 82 p 3]

TENSION IN TEHRAN, ESFAHAN--Following the recent tension in Tehran and other cities of Iran, the criminal Khomeyni regime has started fresh slaughtering. On orders from officials in Esfahan, six individuals opposing the terror and savagery who were members of leftist organizations were executed. Also during the past month in Tehran 18 individuals were sentenced to death on charges of selling narcotics. In addition a Revolution Guard communique reports that 39 opponents of the regime have been identified and arrested. The communique further indicates that great quantities of arms and ammunition were discovered in the houses of members of the Mojahedin-e Khalq. [Text] [GF281807 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT 20 Jul 82]

RAJAVI'S ANNIVERSARY MESSAGE--According to our correspondent's report from Paris, Mas'ud Rajavi, the head of the National Resistance Council of Iran, has published a message in Paris on the anniversary of the establishment of this council. The message says: According to the confessions of Khomeyni's regime, during the last year more than 2,000 first-class leaders and administrative cadres of the regime have been killed in internal

clashes and attacks by freedom fighters. In the statement Rajavi said: The foreign war between Khomeyni's regime and Iraq is meant basically to hide the inefficiency and inability of this regime in the internal war. The Mojahedin-e Khalq leader in this statement says that the first step of resistance by Iranians, which was the shattering of the political leadership organization of Khomeyni's regime and taking away the responsibility and initiative from that regime, has finished and the second one has already started. This step is the destruction of the command machinery and [word indistinct] of army [word indistinct] which is (?considered) the reactionary Revolution Guards [words indistinct] will be intensified all over Iran, and in the next step public [words indistinct]. [Text] [GF251235 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT 23 Jul 82]

SOUTHERN PETROCHEMICAL COMPLEX--The officials of the Islamic Republic, who are expanding their ties with the communist bloc countries every day, are using a pretext to (?change the contractor for the Bandar Shahpur petrochemical complex) from Japan to the GDR. According to news agency reports, following months of discussions between Japanese officials and the Islamic Republic, it is announced in Tehran on Monday that the Japanese are not willing to complete the construction of the Bandar Shahpur petrochemical complex. We remind you that a high-ranking delegation of technical experts and officials from the oil, industry and economic ministries of the GDR arrived in Tehran and announced readiness to aid the ruler of Tehran in any unfinished project. At the time it was announced that the ruling mullahs wished to pass the job of completing the complex to the communist GDR experts, but their contract with the Japanese company Mitsui stopped them from making a final decision. [Excerpt] [GF281328 (Clandestine) Voice of Iran in Persian 0330 GMT 28 Jul 82]

MONARCHIST GROUPS MOURN SHAH'S DEATH--According to our information, on the eve of the second anniversary of the death of Mohammad Reza Shah Pahlavi, the struggling monarchist groups issued statements in various parts of the country, and especially in Tehran, in praise of the nationalist and heroic (?efforts) of the late shah of Iran and referring to his efforts to ensure the progress of Iran and its nation [words indistinct] (?They again affirmed their resolve) not to stop fighting until liberated from the claws of the usurping, illegal and antinationalist regime of the mullahs and a legal regime established. The PARS Organization [words indistinct] in a communique published in Tehran (?mentioned its struggle in Iran during the past year) and [words indistinct] stating that it will continue and expand its struggle and will not stop short of any sacrifice. [Text] [GF281345 (Clandestine) Voice of Iran in Persian to Iran 0330 GMT 28 Jul 82]

POLICE COMPLAINTS--The head of the politico-ideological section of the Tehran police, Hojjat ol-Eslam Razavi, announced that the job of this organization is to accept all the complaints about the officers and the police working in Tehran. He also said that this organization has helped many officers that have had problems with marriage or other problems and now many officers have succeeded in getting married. [GF271750 Tehran JOMHURI-YE ESLAMI in Persian 8 Jul 82 p 2]

CSO: 4640/414



# ROAD TO BASRA NOT HIT BY WAR

GF251524 Dubayy KHALEEJ TIMES in English 25 Jul 82 p 3

[Article by Raman Kapoor]

[Text] The international road link to Basra has not been affected by the latest Iranian attack on Iraq, according to the Iraqi consul-general in Dubai, Mr 'Ajaj Ahmad al-Haza'. The road is about 60 km from the theatre. In an interview, he said the movement of goods to Iraq through Basra continues uninterrupted. "The Basra road link will not be allowed to close. We trust ourselves and our army, and will defend our lands."

The renewed spurt of Gulf war following the Iranian attack on Basra poses a threat to exports and re-exports from the UAE to Iraq, which ranks as the sixth largest re-export market for Dubai and third largest for the Emirate's exports. In 1981, Dubai's re-exports to Iraq accounted for DH 110 million and exports for DH 106 million.

Basra port has been closed to international shipping since the outbreak of Iraq-Iran hostilities in September 1980. Movement of goods from the UAE to Iraq has been going on through Kuwait.

Observers in Dubai point out that in the event of closure of the Basra route, there would be no option left but to transport goods to Iraq via Saudi Arabia and Jordan. This new route will be at least three times longer but it will be safer. The goods would have to be moved from the UAE to al-Khubar in Saudi Arabia, from where they will go to Turayf, also in Saudi Arabia, for entry into Jordan--to the H-4 point on the road link between Amman and Baghdad. From H-4, the drive would be into deep east to al-Ramadi from where the route would be strait to Baghdad.

Goods transported on this longer route would naturally register a three-time higher transport cost (almost three times the normal cost). Even from Kuwait, the route that would have to be followed is to al-Qaysumah in Saudi Arabia, from where the link would be to Turayf for the onward journey to Jordan.

Just after the outbreak of the war, various shipping lines on the far east route brought in goods, earmarked for Pasra, to Dubai and al-Shariqah

ports from where these were moved to the Iraqi port in small boats and launches.

Since the closure of Basra Port, Jordan's Red Sea port of Aqaba has become Iraq's main entry point for all sea-borne imports. The country's imports have also been arriving through Kuwaiti and Saudi Arabian ports. The movement of goods through Syria has been less frequent, according to sources.

Iraq's main imports have been machinery; vehicles, equipment and materials for the transport sector; cereals; textiles; metal manufacturers; beverages; etc. The country has imported food and consumer items worth well over pounds 20 billion since the outbreak of war.

The Iraqi consul-general denied that there has been a slowdown in the construction sector, which continues to be a dominant feature of the country's development work. "Recently a group of Kuwait based journalists saw for themselves the rapid pace of construction," he said.

Five new cement plants have been proposed, each with a capacity of two million tonnes. Iraq is keen to build up a capacity of 25 million tonnes annually by 1985 to make the country's self-sufficient in this crucial area.

The other expanding sectors include construction materials, asbestos, bricks, tiles, asphalt, textiles and paper. Also coming up are a number of brickworks, iron form work plants, a steel foundry, and prefabricated buildings. Sulphur and phosphorus are the major mining products.

Exploratory projects for copper, iron ore, lead, zinc, salt, other minerals, and steel are also being studied, it is learnt.

CSO: 4400/397

IRAQ

BRIEFS

BODIES OF IRANIAN OFFICERS DISCOVERED--Baghdad, 29 Jul (INA)--Iraqi units today discovered the bodies of some Iranian officers and Khomeyni guard commanders left on the battlefield by the enemy after its defeat in the area east of Basra. A military source told INA that among the dead are Colonel (Khayri) and the commander of the third battalion as well as two Khomeyni guard commanders, one of whom is called (Babani), while the other one is unidentified. The source added that the battlefield was filled with the Iranian enemy's bodies and much burned and destroyed enemy armor and vehicles. He said that our units are evacuating the enemy troops who were captured during today's battles. INA has learned that the Iraqi Culture and Information Ministry will organize a field visit for Arab and foreign correspondents and journalists in order to see the massive losses inflicted on the enemy following its recent desperate attempt to cross the international border. [Text] [JN292053 Baghdad INA in Arabic 2035 GMT 29 Jul 82]

CSO: 4400/397

ISRAEL SAID TIGHTENING ECONOMIC HOLD ON SOUTH

Paris AL-MUSTAQBAL in Arabic No 281, 10 Jul 82 p 45

[Text] In a few days the Israeli invasion will be one month old. The (events of) the month are frustrating the hopes of those who expected things would end in 2 weeks.

In the light of the invasion, destruction, and devastation, it is difficult to talk about the economic future of Lebanon, indeed it would be premature to do so. But in the midst of the increasing rubble, the state of the Lebanese economy appears to be going from bad to worse and the future is cloudier.

How have the last few days affected the Lebanese economy?

(1) The scale of direct damage done to public and private establishments, whether production establishments or production equipment, has increased. The initial calculation that was made in the Shwayfat region bordering on Khaldah revealed that about 20 factories suffered damage valued at more than tens of millions (of dollars) not to mention the direct damage that cannot be estimated at present. This is in addition to the mounting damage to the infrastructure, e.g., the International Airport (mostly from the bombing of runways) and main roads, which have (now) become almost passable. Then too there is the destruction of private property--homes and fields.

(2) The public services now under Israeli occupation have begun to witness Israeli economic penetration, albeit gradual, that is coming to be more than formal. This is being accomplished in total silence contrary to Lebanese law and far from any official rejection of the forms of this penetration. This may lead in time to a kind of "normalization" of economic relations between the two countries and what will follow thereafter. This normalization is assuming a number of forms, the following being the most prominent:

(1) Mobile Israeli banks accompanying the invasion. This has resulted in the uncovering of an extensive network of agents who smuggle hard currency into Israel to produce large profits by exchanging this currency for Israeli currency and vice versa. The veil has not yet been lifted from this network with respect to names and modus operandi. It may not be revealed in the foreseeable future.

(2) The Israeli Ministry of Communications has inaugurated joint bus routes between Israel and villages in southern Lebanon, which may extend to Sidon and perhaps to the outskirts of the capital. It goes without saying that establishing this facility means creating an artery connecting Israel and the Southerners in order to impel them to enter Israeli society and succumb to its many temptations.

(3) The recent announcement of the Israeli Ministry of Communications relating to the government's decision to run the railroad line created by the British government during World War II is perhaps the most important step taken by Israel to "normalize" economic relations. If this step means anything, it means that Israel is inclining to open the borders between Israel and Lebanon. The intimation of the creation of a road to substitute for the road through Damascus is an alternative for Lebanese transit activity.

(4) Due to the continued Israeli occupation and the spiritual and physical absence of Lebanese legal authority, southern stores will perhaps be filled after a while with Israeli products and the occupation army may impose a blockade to allow the passage of only Israeli goods.

(5) Israeli insistence on creating a demilitarized zone in which multinational forces will be present is perhaps aimed at obliterating the agricultural character of the southern citrus-rich region so that it may become the Israeli citrus region without a real competitor locally or in the European markets.

(6) Last but not least, there is a desire shown by the Israeli occupation army to provide basic services for the people living in the occupied region in order to create a good impression of the occupier who provides services some of which were not provided before by the government, such as supplying electricity and water and making food available.

Is all this "normalization" or "pacification"?

These indications, which seem to be simple in form, are important in content and purpose. They call for hesitation and careful consideration because they are tied to the fate and future of the Lebanese economy and because they are bound up with the possible political consequences of the Israeli invasion.

Are these indications a kind of "normalization" of economic dealings between Israel and Lebanon or are they a kind of "pacification" designed to pave the way for economic relations between the two countries or are they the normal actions that usually accompany occupation operations whose purpose is to mitigate the possible adverse effects left by the invasion on the Lebanese?

Whatever may be one's actual thoughts concerning the significance of these indications, they call for hesitation, especially on the part of those who expect the occupation to end with Lebanon once again united and independent and possessing a strong central government. That is to say, Israel announced more than once that it desires to sign a peace treaty with Lebanon. If this

choice is inevitable from the political standpoint, then it must have its calculations from the economic standpoint. What then will be the economic situation in the light of such a "treaty"? Where can Lebanon benefit and where can it lose? And what are the requirements of this stage if the Lebanese economy is to remain far from Israeli control and from unequal competition?

These questions may appear premature and they may appear to depend on an assured political outcome but they remain urgent all the same and will become dominant throughout the Israeli occupation now oppressing Lebanon. These questions may stir those who are still relaxed and make those still silent speak.

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CSO: 4404/580

ISRAEL SAID PROBING PRIVATE BANK HOLDINGS

Paris AL-MUSTAQBAL in Arabic No 281, 10 Jul 82 p 47

[Text] Last 22 June the Sidon banks in southern Lebanon received a notice from Amir Shamir, a security official in the Israeli Defense Army, which said:

"I should like to be informed before the bank branch opens--and no later than one week from this communication--of the names of all the persons who were receiving monthly pensions or any sums from you or any remittances related to organizations and parties, with complete details as to the source and amounts paid to it since the beginning of 1982.

"I also request that no relevant document be destroyed or concealed, that all deposits to the accounts of these persons be frozen, and that none of these accounts be moved under penalty of possible legal prosecution and judicial inquiry."

Last 28 June this announcement was rescinded. Monetary circles said the matter was overlooked and settled in some fashion or other, perhaps through contacts and efforts made at the political level.

Nevertheless, the request of the occupation forces was absolutely rejected, especially by the monetary authorities who considered it a violation of Lebanese laws and counter to banking traditions as well as to the economic system to which Lebanon has grown accustomed for dozens of years.

The monetary authorities' attitude was also the attitude of all the banks, particularly those located in Sidon affected by the Israeli notice.

The bankers asserted it was impossible to meet the request and comply with it under any circumstances for several reasons, the most important being:

(1) The request is completely contrary to the law of confidentiality of banks that has been in force since the 1950s.

(2) The request was issued by the occupation forces and is not legally binding in dealing with Lebanese institutions.

(3) The law of confidentiality of banks was and still is one of the reasons for the success and development of the banking sector. It is hoped that this sector will participate in the rebuilding of Lebanon when the country is allowed to enjoy political stability and security as the big powers assert these days.

(4) The Israeli request is impracticable since by virtue of the law of confidentiality, it is incumbent on the bank directors to know the political identity of those who have accounts and perhaps at times their national identity. Moreover, some of the individuals against whom the Israeli request was aimed probably expected it and therefore resorted to false names or to borrowing by persons directly associated with them.

(5) Israel's undertaking to carry out its request by force is preferable because that would be an excuse for the future and not constitute a precedent or harm the banking system.

Despite the fact that the deadline for the Israeli request passed without any actual accommodation, the incident in itself provoked questions and doubts concerning Israel's real intentions toward Lebanon, which Israel claims it wants to be an independent sovereign nation.

So where is this sovereignty when Israel tries to violate one of the sacred things of Lebanese existence and one of the more outstanding economic structures responsible for its success and prominence as a financial and banking center?

These questions are raised by Lebanon's friends to alert and warn it of what Israeli policy is striving for, a policy that seeks to smash all centers of power existing in the Arab World, be they political, military, or economic. Those who raise these questions urge that the subject be pursued and given the attention it deserves, especially by the competent authorities, from the Americans who are watching the Israeli occupation scenario to the groups who are greatly concerned with this matter.

Will the "Israeli notice" to the Sidon banks be an act of intimidation to which occupation forces usually resort or does the request conceal sinister intentions?

Those interested in the issue are divided. Some believe it calls for concern, while others consider it disturbing but not dangerous or likely to have serious consequences. However, both groups advise alertness, "live and learn."

5214

CSO: 4404/580



## MOROCCO, U.S. COOPERATION ASSESSED

London ARABIA in English No 11, Jul 82 p 14

[Text]

King Hassan of Morocco's visit to the US on May 18 and the agreement, signed 10 days later, giving the US Rapid Deployment Force air transit facilities at Moroccan bases, illustrates Washington's renewed interest in the Maghreb. In response to the Islamic revolution in Iran and the emergence of Islamic activism in several countries, it appears that the State Department has focused its attention on Morocco and Tunisia, two strategically placed pro-western countries.

Washington's increased interest in Morocco became evident with the battle of Guelta Zemmour in the Western Sahara on October 13, 1981. Moroccan troops suffered a severe setback but Rabat's appeal for military assistance was swiftly answered by the US.

The following month a high-level delegation led by US Defence Undersecretary Francis West arrived in the country to examine Morocco's request for an arms package. The delegation visited the war area to assess King Hassan's needs and decided to recommend the supply of tanks, air defence systems, including aircraft, and training programmes.

Secretary of State Alexander Haig's visit on February 11, 1982, was the most important in a series of official US trips. At a press conference in Marrakesh, Haig disclosed that his country would get air facilities at two Moroccan bases and that a joint military commission was to be set up to deal with this question. Two months later Rabat was told that US military aid, which stood at \$34m for the fiscal year 1982, was to be raised to \$100m. However, the foreign affairs committee cut this to \$55m.

The US has sold weapons to King Hassan several times in the past. After a short period of restrictions imposed by President Carter in 1978-79, military sales to Morocco, worth just \$3.9m in fiscal year 1979, soared \$270m in fiscal year 1980, Congress records show. In January 1980 Carter authorised a \$232.5m arms package, which included 20 F5 planes, 24

missile and machine gun-equipped helicopters and six Bronco counter-insurgency aircraft. Shortly after his election, President Reagan announced a new \$130m three-year loan to Rabat for the supply of 108 M60 tanks.

On April 24, an American delegation which included two deputy secretaries of state and several generals arrived in Fez to take part in discussions of the joint military commission dealing with the question of air base facilities. There were apparently initial difficulties - the Moroccans hardened their position because of rumours that Morocco was to reopen former US air bases closed in 1963. It was not until May 28 that an accord was reached.

The Moroccans were cautious in announcing it. Foreign Minister Muhammad Boucetta in Washington talked to the press about "an exchange of letters" rather than an agreement, and about "military cooperation" instead of military facilities. He concentrated solely on the notion that the agreement gave Morocco the means to defend its territorial integrity. The agreement, which is valid for six years and is renewable (or can be cancelled by two years' notice after the six years), is said to grant the US air force transit facilities in case of emergency in the Middle East and Africa.

In return, the US has agreed to modernise Moroccan air bases. This could also mean the reinforcement of the wall that protects the "useful triangle" of the Western Sahara from the Polisario guerillas. It is likely that there will be a semi-permanent presence of US air force personnel to look after their installations under the guise of carrying out modernisation work.

The US has also been arming Tunisia. Prime Minister Muhammad Mzali was in Washington in April where his defence minister secured a \$85m loan for fiscal year 1983.

US aid to Tunis has been rising steadily for the last two years. Following the January 1980 Gafsa troubles the US Congress decided that

Tunisia was a "victim of foreign subversion" and doubled its credits to Tunis to \$30m. A Libyan incursion into Tunisia in 1981 led the US to increase military assistance to the Bourguiba regime to \$50m. Francis West's delegation, which flew to Tunis from Morocco on November 9, 1981, arranged a \$95m loan for the purchase of American weapons.

A joint military commission set up then decided that the loan would be used to pay for 54 M60 tanks, Northrop F5F reconnaissance planes as well as ground-to-air missiles. In return, Bourguiba is said to have agreed to give air and port facilities to the US air force and navy, but this has not been confirmed.

Tunisia's American links do not appear to be worrying Algeria, Libya and Mauritania, which focused their criticism on the Moroccan-US alliance which they consider more dangerous because it could lead to the internationalisation of the Western Sahara conflict. Hassan's deal with the US could serve his purpose in the short term by creating difficulties for the Polisario and Algeria. But, in the long run, the American presence in Morocco or, for that matter, in Tunisia might well bring about a popular reaction with far-reaching consequences for the regimes in power.

CSO: 4500/249

PEOPLES DEMOCRATIC REPUBLIC OF YEMEN

ADEN REPORTS DEPARTURE OF VIETNAMESE DELEGATION

EA231846 Aden Domestic Service in Arabic 1230 GMT 23 Jul 82

[Excerpt] A Vietnamese delegation led by Comrade Nguyen Thi Dinh, member of the Vietnamese Communist Party Central Committee, member of the Council of Ministers and the Vietnam Socialist Assembly, president of the Vietnamese Womens Union and member of the Presidium of the Vietnamese Committee for Solidarity and Friendship with Peoples, left Aden early this morning at the end of a visit to Democratic Yemen lasting several days during which she met Brother 'Ali Nasir Muhammad, secretary general of the Central Committee and chairman of the Supreme People's Council Presidium and of the Council of Ministers.

In a statement to Aden News Agency, she described her visit and that of her delegation to Democratic Yemen as very successful and fruitful, pointing in this respect to the meetings and discussions she and her delegation had with brother party and state officials and the Yemeni-Vietnamese Friendship Society for developing and strengthening solidarity relations between the two friendly peoples and countries.

She said the results of this visit will effectively contribute to the strengthening and consolidation of relations of friendship and cooperation between the two parties, peoples and governments to serve the joint interests of the two friendly countries in that they are two strugglers in one trench against imperialism and Zionism.

Concluding her statement, she wished the Yemeni people further progress and success.

CSO: 4400/397

EDITORIAL RIDICULES U.S. NAVY OFFICIAL'S VIEW

GF281211 Doha AL-RAYAH in Arabic 26 Jul 82 p 1

[Editorial: "Questions for the U.S. Secretary of Navy"]

[Text] Do any of the small countries deny the superpowers' right to defend their interests in the region? No, but they ask that this defense be within the framework of international law and not according to the law of jungle where might makes right.

We say this because the U.S. secretary of the navy said yesterday that the U.S. military presence in the Middle East was established to remain and that the United States would use force to defend its interests when necessary. The U.S. secretary of the navy did not say what U.S. interests were in jeopardy or from where this alleged threat would come. This comes at a time when his country is encouraging the Israeli invasion of Lebanon where Israeli crimes exceeded those which the Nazis committed against the East and West during World War II. We ask the U.S. official, who said that Israel is Washington's primary ally in the region: Where do U.S. interests lie? We ask this question, because we suspect that these interests lie within the Arab region, which is being subjected to the Zionist aggression which is devastating Lebanese cities and is threatening to devastate Beirut itself.

It is strange that the U.S. official forgot to comment on his country's suspicious neutrality toward the dispute in the Gulf at a time when Iran is committing aggression against the Arab land of Iraq. How does this conform to the deep involvement of the United States in Lebanon or is it in interests of the United States to kindle the war between the two Muslim neighbors in the Gulf, keep the door open for a state of instability in this strategically vital region for modern Western civilization?

Waiting for the reply of the U.S. official--if there will ever be a reply--we can only say that this unprecedented state of Arab disintegration and fragmentation will not last long and that this nation will awake from its sleep in the near future and impose on others a respect for its interests and also make them reassess their own interests in the Arab world. The dawn will not be far away.

CSO: 4400/396

SAUDI ARABIA

RIYADH ON PROPOSED UN RESOLUTION 242 AMENDMENT

LD300220 Riyadh Domestic Service in Arabic 2000 GMT 29 Jul 82

[Report by Husayn al-Askari]

[Text] Observers are viewing with extreme caution the possibility of the success of the draft resolution proposed yesterday by France and Egypt at the Security Council to amend Security Council Resolution No 242 on the solution of the Palestinian issue.

The story of Resolution 242 which was adopted by the Security Council in 1967 in the wake of the 1967 Israeli aggression in which Israel occupied area from three Arab countries equal to approximately three times the area of the Israeli entity, is regarded as a new tragedy in the world of resolution drafting. This is because the contents of the said resolution contain the elements of its own failure, perhaps due to the circumstances which still exist and which stressed and stress the necessity for the Arabs' recognition of the fait accompli, even if this is against their own interest. This is a fact. Throughout the past 15 years interpretations of the contents of Resolution 242 have varied and are still assuming various and differing forms, even by those who originally drafted the resolution: the then British delegate at the Security Council, Lord Caradon, who criticized the draft because it ignored the right of the Palestinian people and dealt with them on the basis that they are a group of refugees who can be settled in any Arab country.

Here the truth of this tragedy emerges and the nature of the conspiracy is exposed. The Palestinians are a people who have been evicted by force from their own country. The international community, particularly the influential states, committed the most atrocious injustice against them. But with the passage of time, the Palestinian people have proved that they resolutely refuse to surrender to any pressure that aims at harming their legitimate rights. Many means emerged to drive the Palestinian people to despair and to compel them to agree to the choices being imposed by their enemies, particularly Israel, which is now trying through its ferocious war and armed aggression against the Lebanese and Palestinian peoples to impose a fait accompli. From among the ruins of the residential areas, schools and hospitals which have been destroyed and are

being destroyed by Israel emerges the urgent and inevitable need for the international community to rectify its attitude and to return to the path of right to deal with the Palestinian people as a people who have every right to return to their homeland and to establish their state on their national soil, a matter which is recognized by the majority of members of the international community. One of the means of rectifying the wrong is to redraft Resolution 242 so that through it we can deal with the Palestinian people who have struggled and are struggling to regain their legitimate rights.

But the insistence of the influential powers of the international community is still preventing a just and logical drafting of this resolution. For this reason it appears doubtful that the Franco-Egyptian draft resolution will succeed particularly following the official announcement by the United States that it opposes any amendment to Resolution 242, a matter which makes one think that matters will continue to go round and round.

CSO: 4400/397

DAILY ON CROWN PRINCE'S VISIT TO IRAQ, SYRIA

GF291500 Riyadh AL-JAZIRAH in Arabic 27 Jul 82 p 3

[Editorial: "A Successful Beginning for Saudi Arabia's Arab Move"]

[Excerpts] The visit which His Highness 'Abdallah ibn 'Abd al-'Aziz, crown prince, deputy prime minister and head of the National Guard, made to the Iraqi and Syrian capitals 2 days ago was, just as it seemed to be, a practical implementation of the strategy of His Majesty King Fahd ibn 'Abd al-'Aziz, whose outline and frank principles were defined in his speech to the nation the third day after 'Id, which was the subject of our editorial yesterday. It is a strategy of efforts, moves and action.

Within this strategy, the visit by his highness the crown prince to Iraq and Syria was a Saudi move to translate the principles of the strategy of the new royal rule in a practical way in order to realize its goals.

If it is true that his highness the crown prince did not mediate between Baghdad and Damascus during his visit to the two countries--particularly since he denied this and affirmed that no one had asked him to mediate between the two capitals--it is true that he demonstrated to officials in both countries the kingdom's sincere desire to see hostility between them removed and to restore the old fraternal relations in order to strengthen the Arab nation and enable it to counter threats through Iraqi-Syrian accord and through accord among Arab brothers in the capitals of the wide Arab homeland.

The kingdom's permanent strategic goal is to see Arab relations fraternal and characterized by amity and accord, solidarity, joint cooperation and collective action for the sake of the Arab nation's fateful issues. It is a goal that is continuously renewed within the kingdom's policy toward its Arab brothers. Its move to attain this goal gains momentum amid this situation the Arab nation is experiencing which his highness the crown prince described as grave.

CSO: 4400/397

PLANS, OBJECTIVES OF INDUSTRIALIZATION DISCUSSED

Riyadh AL-RIAD in Arabic 6 Jun 82 Supplement P 1

[Interview with Ghazi al-Gosaibi, Minister of Industry and Electricity, by Abdullah al-Hamid; date and place not specified]

[Text] Since the middle of the past decade up to now, that is, during the second and third plans, industry has made great strides, if compared on the basis of its whole life, and is to be regarded as a sudden and powerful jump or thrust upward, having taken broad, long and sure steps. If measured on the area standard--Arab-wide or Gulf-wide--it has overtaken its predecessors and is competing with them, if not beating them, in the arena of industrial development.

Naturally, industry's achievements during the past 7 years came suddenly and the momentum was necessary because the course was arduous and conditions were rigid.

The situation required momentum to break the ice and then to set the waves in motion, if not to create them. Something as important as this requires energy.

This is on the local level as a means to infuse dynamism in an industrially static environment.

The momentum continues internationally whether on the level of the industrial world or those neighbors and friends and developing countries that have the right conditions. The industrial countries will not give you their industrial knowhow and its technological components unless you are actively demanding this technology, naturally for what it is worth, also energetic in persuading them that you are entitled to it and able to absorb it and bear the burdens of the transfer and vigorous in rebutting skepticism about your capability.

With regard to friends, neighbors and those with the right conditions, they may be doubtful of your ability, not out of spite but out of pity and compassion. You must be persistent in persuading them that you are strong and capable.



You will find that the above concept of momentum is in fact strength; development comes not to the weak but to the strong.

Our Ministry of Industry has run most of this course action along which the strong are proceeding.

Perhaps the most vigorous of our industrialists is its minister, H.E. Dr Ghazi 'Abd-al-Rahman al-Gosaybi, minister of Industry and Electricity.

Through this interview, we tried to recall something of the process and the distinctive differences. He spoke to us a bit about this course in his poetic style, his industrialist logic and his powerful intellect.

#### Diversification of the Industrial Base Is a Long Term Objective

[Question] Time is viewed as an important factor that, along with other factors, must be invested to achieve the goal of diversifying the industrial base since for years to go by without accomplishing this objective means an enormous and irretrievable loss and it may then be too late for any subsequent attempts. Is there still sufficient time to accomplish this goal or has the area reached the critical time juncture?

[Answer] Diversification of the industrial base is an important objective in the field of development and the time factor is certainly important. However, we must not try to rush to achieve that goal since diversification of the industrial base must be viewed as a long term goal that will take some time to accomplish.

#### We Now Have Greater Absorption Capacity

[Question] Is the lack of an absorptive capacity a concept created by the advanced industrial countries to direct financial surpluses outside the countries of the area, or do these countries really fall short in their capacity to absorb?

[Answer] Any country's absorptive capacity is variable depending on the level of development that economy has attained. The fact is that when the Kingdom entered the second half of the 70's, it was not able to absorb or invest all of the financial resources available to it at that time. When the right time came for investment of those funds inside the country, the Kingdom endeavored through the past development plans to give a firm base to basic equipment and to break the strangle-holds from which the economy had been suffering. The Saudi economy now has a far greater absorptive capacity than in the past and can absorb the income available from oil sales and this capacity is constantly increasing.

#### Negative Position Of Industrial Countries Toward Technology Transfer

[Question] Do outside forces control the process of economic development in the countries of the area? Is this control represented in the policies of foreign companies and the substantive obstacles before the transfer of technology and knowhow or in the policies of the advanced industrial countries?

[Answer] Economic development in the Kingdom as in other countries throughout the world is influenced by internal factors. When the Kingdom decided on the general course of the economic development plan, it took into consideration the circumstances prevailing at the time. In my opinion, when the Kingdom was concentrating on improving the infrastructure, something which is continuing, foreign countries, including the foreign companies naturally, approved, participated and worked hard to get contracts to carry out these infrastructure projects, such as roads, airports and hospitals, etc. When we began to switch our focus to production sectors, particularly the building of export industries, the Kingdom began to sense that the international companies, particularly those whose plants would compete with the Saudi products, were setting up obstacles and trying to oppose any progress that would affect their interests. The fact is that the industrial countries were not eager to transfer their technology but since the Kingdom had the means to buy and obtain technology, we were able to overcome these obstacles. However, I feel that most developing countries are in an unenviable position because of the negative position of the industrial countries toward the transfer of their technology and knowhow and the unavailability of the material resources to buy technology.

#### We Invited International Companies to Carry Out High Technology Projects

[Question] Foreign companies are grabbing the major share of the vast opportunities represented in the development projects and programs. Is this because of: 1. Shortcomings of the national companies, 2. The reputation of the foreign companies, or, 3. Lack of conviction by the administrative leadership in national companies?

[Answer] The Kingdom has invited specialized international companies to participate in carrying out development projects, particularly those requiring high technology. The Kingdom has benefited from the expertise of those companies and has been anxious to have vigorous and constant competition in order to get the best possible terms and prices. The fact that the international companies get big contracts in various fields is a result of the factor of the knowhow available to them. However, at the same time, the government of the Kingdom has taken pains to give priority to Saudi contracting companies in all possible fields and several national firms have emerged. I think it is essential to emphasize national companies since many of them have acquired excellent expertise and now can carry out projects of various sizes.

#### Business Management Systems Must Be Applied in Projects Of An Economic Character

[Question] In the circumstances in which the state manages projects of an economic character besides its traditional functions, such as some companies involved in basic industries in alJubayl, for example, there must be management ability going beyond merely providing facilities and regular services, does each type of agency need a different management capability and are there different approaches for achieving each type of management capability?

[Answer] I think that in the areas of projects of an economic character which the state participates in or owns, management must be no different than that in the big companies in the private sector. We must work along the same principles and take care to attain a high level of competence in performance and in cutting costs to the maximum extent possible. If the state wants to set prices for services or products, that must be taken into consideration but modern methods of managing projects in other countries must be employed. We must never forget that the projects that have been established must be a help to the economy, not a burden on it.

#### Transfer Of Systems Of Industrial Firms Does Not Transfer Efficiency and Competence

[Question] Does the transfer of models of mechanisms and systems used in industrial firms from other countries to the countries of the area mean that efficiency and competence are transferred along with them and achieve the same results?

[Answer] We can transfer some models of mechanisms and some types of systems used in industrial firms but it is difficult to transfer efficiency and competence since those characteristics must come from within. Their source must be the individuals and officials who operate and manage the industrial firms.

#### Private Sector More Competent Than Public Sector Realizing Profit

[Question] Why is it usually thought that the private sector is more able and competent than the government machinery, including the public firms and the public sectors with a degree of independence, particularly in the area of industry? Does the same rule of thumb applied to advanced countries apply to the less advanced countries?

[Answer] In activities aimed at making a profit, the public sector is more competent than the private sector in attaining that goal. Therefore, we in the Kingdom have taken pains to benefit from that fact and have used as a basis for our management of big industrial projects that they should use the same criteria, bases and procedures used by the private sector and should operate in participation with international companies with expertise in the same field. This has proven successful in establishing and managing those industrial projects.

8389

CSO: 4404/553

SAUDI ARABIA

BRIEFS

REAGAN'S POSTURE TOWARD PLO--In the following report from Washington, we deal with the developments in international postures toward the Palestinians, who are one of the main elements upon which peace and stability in the Middle East depends. It is agreed that the Palestinian element is the fundamental axis of providing lasting peace. The new development in this issue is related to U.S. President Reagan's statements in which he pointed to Palestinian demands and the possibility of realizing these demands through the process of negotiations. Political observers agree on the importance of any progress made in the American posture toward the Palestinian Liberation Organization, that is, recognizing its legitimacy and considering it a partner to any negotiations. In the talks being held by the American envoy with the warring parties in Lebanon--among them the PLO--a pointer could be formed to the possibility of an American conviction about the usefulness of dealing with the PLO. What Reagan declared about Palestinian rights is considered a sequel to the French posture in particular, and a sequel to the posture of the European community in general. However, the question remains: Could President Reagan's statements be viewed as a pointer to the start of a new stage in the U.S. posture to settle the conflict in the Middle East, especially now that the Lebanese crisis, following the Israeli invasion, has taken dimensions which directly reflect on the situation in the region. [Text] [LD291416 Riyadh Domestic Service in Arabic 1130 GMT 29 Jul 82]

CSO: 4400/397

## SOUTHERN ELECTIONS, SECESSIONISM DISCUSSED

London AFRICA CONFIDENTIAL in English Vol 23 No 14, 7 Jul 82 pp 7, 8

[Text]

Out of the intricacies of double bluff and tactical voting, a 53 year-old engineer, **James Tembura**, was elected on June 23 as the new president of Southern Sudan. He defeated the favourite contender, **Clement Mboro** (AC Vol 23 No 7), by 62 votes to 49. And Tembura's supporter, **Mathew Ubur**, was elected speaker of the Southern Assembly, beating his pro-Mboro contender, **Martin Majer**, by 66 votes to 46.

Tembura's election shows a) that the Equatorians are fast on the upsurge in southern politics, and b) that the other tribes in the South are increasingly divided. Since the redivision issue (AC Vol 23 No 4) was clear cut - with **Joseph Lagu** heading the redivision camp and Mboro the unionist camp - the Equatorians can claim an important victory. In Western Equatoria all the seats went to redivisionists; four seats in Eastern Equatoria went to unionists, so that overall 35 out of 39 Equatoria seats were won by redivisionists. In deference to Western Equatoria's redivision unanimity, it was offered the presidency. Hence Tembura, who had been elected unopposed as MP for the "cooperatives" seat of Equatoria. A Zande, the largest tribe in Western Equatoria, and the third largest group in the South, he has a considerable popular base.

The Dinkas' downfall was their inability to back a common candidate for the presidency. About 10 candidates were put up. Until the last minute they had only been reduced to four: **Bona Malwal**, Mboro, **Peter Gatkuoth** and **Hilary Logalie**. Given that Malwal had the allegiance of a majority of the 30 or so unionist MPs in the group (Gatkuoth was supported by seven of them, Logalie three and Mboro two), it was a clear case of Dinka tactical ineptitude, riddled with factional skirmishes.

For instance the supporters of the still jailed **Samuel Aru Bol** were told by the latter to vote for Mboro. But a 12-strong faction of them, led by **Lawrence Wol Wol** (who was dismissed four months ago as minister of finance and economic planning in Maj. Gen. **Gasmallah Rassas'** provisional government) and **Toby Madut** (minister of health and social welfare in the same government), defected to the redivisionists. They argued not for redivision but for a structural change of southern politics which would accommodate the chaffing Equatorians. Madut's only condition for joining the redivisionists was that he be offered the southern presidency, a demand refused by the Equatorians. Madut then rejoined the unionists, leaving Wol Wol and the latter's five supporters in the redivision camp.

The Nuer tribe (second in number to Dinkas) divided its loyalties between Gatkuoth and the jailed **Samuel Gaitut** (see Sudan II), who in line with his former alliance with **Joseph Lagu** in 1978, stood for redivision. So did **Othwan Dak** (a Shiluk, and former commissioner of Upper Nile), who also helped Ubur get elected as assembly speaker.

Out of this chaos rose a middle-of-the-road, 11-strong group, led by Brig. Andrew Makur, which called for a southern government of "regional conciliation" – to the evident delight of President Jaffar Nimeiri, who by this stage was understandably unimpressed by southern politicians. Ironically, Nimeiri's implicit support for Makur, sealed his failure. While Nimeiri clearly wanted a tough military man to control the South's precarious internal security, the southerners themselves were set against anybody of Khartoum connection. Makur's group then disintegrated and split itself between Mboro and the Equatorians.

Meanwhile the Equatorians successfully organised an oath of allegiance to Tembura: 35 of the 39 Equatorial MPs stuck by it. Realising that the unionists were about to lose the presidency, Malwal stepped down in favour of Mboro, who is neither Dinka nor Equatorial, in the hope that he would be acceptable somehow to the Equatorians. But it was too late.

Tembura now faces two broad problems: a) Redevision. If he promotes it too readily he will lose the support of the non-Equatorians who voted for him on the understanding that the issue would be dropped. b) Decentralisation. A majority of Equatorians probably want semi-autonomous local government, not wholesale redivision. (Some of them earlier voiced redivision simply to encourage the downfall of Abel Alier's government). So Tembura must be seen to be moving to more local self-government.

In the immediate future he faces the thorny issue of Gaitut, who actively supported him until he was arrested in June, allegedly for gun-running. The Nuers, who vociferously support the jailed Gaitut, are relying on Tembura to release him. But that would incur Nimeiri's extreme displeasure, since Gaitut is charged with supporting the secessionist forces in Upper Nile and Jonglei provinces. We examine this case in more detail in the section below.

In the second week of June, Samuel Gaitut, southern minister for wildlife protection and tourism, and Lt. Col. John Kwong, commissioner of Jonglei province, were arrested. On June 13 both were dismissed from the provisional government on charges of gun-running and dealing with secessionist forces.

The chronology of events leading up to their arrest is roughly as follows: shortly before his arrest, Kwong left Gaitut's house in Juba for his office at Bor, the capital of Jonglei province, driving a Magirus Deutsch military truck. When stopped at a checkpoint on Juba bridge, he refused to cooperate on the grounds that as a senior government official he was immune from such checks. Officials then produced a search warrant signed by the president of the southern provisional government, Maj. Gen. Gasmallah Rassas. Several crates of weapons, of different make, were found in the back of the truck. Kwong said they belonged to Gaitut, but was immediately arrested. Gaitut's house was then surrounded, with Gaitut inside. Rassas flew to Kartoum to tell Nimeiri, who decided to dismiss them without further inquiry.

Armed secessionists first appeared in Upper Nile and Jonglei provinces in 1980, in the aftermath of the massive exodus of often armed Ugandans into the South in the wake of Idi Amin's overthrow. The core of the secessionists is composed of Nuer people, many of whom, like Gaitut and Kwong, were former Anyanya guerrillas. Most of their bases are in Ethiopia. Last year they made their mark by ambushing a convoy travelling from Malakal to Juba, killing the eight northerners in the convoy and releasing the seven accompanying southerners. Government forces formed a seek and destroy force to track the secessionists. In August five secessionists and a number of government troops were killed in a fierce fire-fight. The clashes have continued intermittently since.

The Sudanese Special Branch says that it had been watching arms movements from the Ugandan border to Gaitut's Juba house for some time, but that nothing could be done because of Gaitut's position. Kwong's arrest, according to the Special Branch, was its own ruse. Apparently the driver of Kwong's truck worked under cover for the Special Branch, which had also planted the arms ●

**Footnote**

1. Lagu has replaced Abel Aliér as one of the two national vice-presidents.

CSO: 4500/244

# LAGU SPEAKS TO 'SUNA'

Khartoum SUNA in English No 4180, 8 Jul 82 pp 3-6

[Text] Khartoum, July 8, (SUNA)--Vice-President Joseph Lagu Tuesday said he would personally contribute to help the new regional government in the south to end the limited activity of military nature being carried out by some southerners to destabilize the country with the backing of some foreign powers.

Lagu, who was interviewed by SUNA at his office in the People's Palace said these were ambitious individual southerners whose limited activity would be halted in a short period of time.

He said the region would not be the launching site for those who want to create instability in the Sudan," the region is solid and strong," he said.

Speaking on the great number of weapons in the hands of private citizens particularly along the borders, the Vice-President said that these arms were brought by the troops of the deposed Ugandan President Idi Amin following their defeat," Though the Sudan government collected those weapons, some of the refugees managed to sell their weapons to citizens. There are some tribes that possess weapons to protect their cattle," he said.

But Lagu stressed there was no link between the arms in the hands of the citizens and political motivations of any kind.

He reaffirmed that the masses of the region had now become aware of the fact that the intentions of the new regional government in the south was not to break up the region into smaller regions but to apply decentralization. "Decentralization is the national policy of May Revolution. I personally never called for the re-division of the region into smaller units. My statements on decentralization were often distorted and misinterpreted. The idea for a referendum was conceived only after the distortion of my idea so as to see the true opinion of the Southern public," he said.

The application of decentralization in the region, Lagu said, would very much benefit the South and help in setting up various and mobile administrative units free from bureaucratic entanglements. "Sudan is a very large country which could only be administered through the application of decentralization in its broad context," he added.



He said the combination of the political and administrative systems in the country was an important achievement aimed at accelerating development. "I do not think my view is erroneous neither do I believe it leads to further fragmentation of the country," he said.

"Even if we see that the South must be cut down into three regions it would only be possible within the framework of decentralization," Lagu said. He added that decentralization would be applied gradually, step by step until it is wholly realized.

"If there is going to be any re-division at all it would take time and would not be done before the infrastructures in the main towns of the region are established. It is from here that we could arrive at the convenient method to achieve decentralization. The Southern masses are beginning to grasp our objective and I am sure we shall make great strides in that direction," he said.

On Addis Ababa Accord outcome, Lagu said the agreement was aimed at the restoration of peace to the Region in order to create favourable conditions for development and reconstruction in that part of country.

He said that stability was achieved in the Region and the road had thus been paved for implementing the development projects.

One of the positive results of the agreement was that the success of self-rule in the South had led to the transfer of this experiment to the North, he said adding that through practice an ideal formula could be reached for realizing stability and progress "The agreement is not a holy book that could not be altered or amended," he said.

As an example of positive amendment that could be made within the agreement, Lagu recalled the division of the Southern Region into six Provinces instead of the three Provinces Stipulated by the agreement.

Another example, he said, was that the agreement did not say that the SSU should be the sole political organization "while in practice we now find that the SSU is accepted as the only political formu."

He attributed the sluggish developmenta growth in the South to the fact that people there were more politically minded than required.

He said Southerners who had been pioneers in politics should also become pioneers in the economic sphere and should contribute to the local development.

To do that, Lagu said, the Southerner should drop the idea that the gonvenment should take all responsibility. "There are wide prospects for the citizens to take part in the local development," he said.

The Vice-President criticized the intellectuals tendency to live in urban areas and said educated people should try to help in the development of their communities.

On the refugee question, Lagu said the best solution for a refugee is to go back home and that assistance received by the Regional Government for this refugees was just enough to give the refugee the minimum standard of living.

Lagu indicated the aspirations of Southerners and said the people there would like the new Regional Government to provide vital education and health services.

He said that if in three months the Regional Government could achieve this goal then this could be an excellent indication of this Government's seriousness.

CSO: 4500/245

## BRIEFS

TRAINING CENTRES--Khartoum, July 1st, (SUNA)--President Ja'far Muhammad Numayri yesterday decreed the formation of the Higher Council for Training Centres as below: 1. The Minister of the Council of Ministers' Headquarters, Chairman. 2. The Internal Affairs Minister, member. 3. The Education and Guidance Minister, member. 4. The State Minister at the Ministry of Finance and Economic Planning, member. 5. The State Minister in the Ministry of Defence, member. The Council will advise the President on the establishment of training centers in the country and will further assess the certificates those centres award to graduates. [Text] [Khartoum SUNA in English No 4173, 1 Jul 82 pp 1, 2]

SORGHUM CROP--Juba, July 1st, (SUNA)--President of the Transitional High Executive Council for the Southern Region Major-General Qasmallah Abdullah Rassas discussed here yesterday morning with concerned officials and representative of farmers, cooperative societies and the World Food Programme matters pertaining to the marketing and storage of the season's dura (sorghum) crop in al-Rank area amounting to 2.6 million bags. It was announced during the meeting that the World Food Programme will purchase 500,000 bags, the Regional Government 1000,000 bags and that the requirements of the Bahr El Ghazal and El Buhayrat Provinces are estimated at 300,000 bags. Rassas directed the coverage of the Region's local requirements and the sale of the remaining quantities to the markets throughout the country. [Text] [Khartoum SUNA in English No 4173, 1 Jul 82 p 4]

IDENTITY CARDS--Khartoum, July 1st, (SUNA)--The First Vice-President and Chief of State Security Maj-Gen 'Umar Muhammad Al-Tayyib yesterday conferred with the Kordofan and Darfur Regions' Governors Al-Fatih Busharah and Ahmad Ibrahim Duraij respectively along with the Eastern Region's Minister of Region's Affairs and Administration 'Abdallah Ahmad Hardallo and the Director of Identity Cards Administration Col. Ibrahim 'Abdallah. The meeting discussed working plans related to the generalization of identity cards in the Eastern, Darfur and Kordofan Regions. It also touched on preparations for providing technical cadres to carry out the project. The Governors, meanwhile, stressed the importance of identity cards and expressed full readiness to put the project into practice. [Text] [Khartoum SUNA in English No 4173, 1 Jul 82 pp 4, 5]

PLANT PRODUCTION ALLOCATION--Some LS. 68,987,000 was earmarked in the fiscal year 1982/83 for the plant production sector in the Ministry of Agriculture and Irrigation, SUNA learnt. [Text] [Khartoum SUNA in English No 4173, 1 Jul 82 p 7]

COTTON--Medani, July 8, (SUNA)--The total return of cotton production in the Al-Jazirah Scheme has amounted to L.S. 146 million, this season SUNA learnt. An Ls. 32 million represented proceeds of the farmers and a sum of Ls. .8 million represented their debts after the application of individual account system, according to the director of Financial Administration of the Scheme. [Text] [Khartoum SUNA in English No 4180, 8 Jul 82 p 2]

BARBAR-AL-ABDIYAH ROAD--Northern Region Governor 'Abdallah 'Ahmad 'Abdallah directed for allocating Ls. 25,000 to Barbar-Al-Abdiyah Road. The road is under construction by the Public Corporation for Roads and Bridges. [Text] [Khartoum SUNA in English No 4180, 8 Jul 82 p 8]

ALLOCATIONS--A sum of L.S.. 4,553,000 has been allocated for the natural resources departments in the Ministry of Agriculture and Irrigation in the fiscal 1982/83, SUNA learnt. [Text] [Khartoum SUNA in English No 4180, 8 Jul 82 p 8]

COMMITTEES--The chairman of the people's assemblies SSU groups 'Izz-al-Din al-Sayyid has decreed the formation of committees assigned to organize popular symposia in all regions to explain the meaning of decentralization and its impact on developing different regions of Sudan. [Text] [Khartoum SUNA in English No 4180, 8 Jul 82 p 8]

WATER SHORTAGES--Commissioner of Red Sea Province has attributed the shortages in drinking water here to a decrease in water level at Arba'at and increase in consumption. He announced that some L.S. 74,000 have been provided to dig three more wells at Arbat. [Text] [Khartoum SUNA in English No 4178, 6 Jul 82 p 10]

THIRD ENERGY PROJECT--Khartoum, July 6, (SUNA)--The first electric generator of the 3rd energy project will be delivered from Port Sudan today. The capacity of this generator reaches 10 megawatt and it is one of four others destined for Buri Station, to increase its generating capacity to 40 megawatt. The amount of money provided for the project is £ 20 million, granted by the British Government. The new generator is expected to be operated next December. [Text] [Khartoum SUNA in English No 4178, 6 Jul 82 p 10]

SUGAR FACTORIES--Khartoum, July 6, (SUNA)--The second stage of renovating sugar factories undertaken by the British Tate & Lyle Company has started, SUNA learnt. The first stage which was finished last month has studied the requirements while the second stage which will take five months will consider modernizing the sugar sector on scientific means. The \$225 million renovation plan is based on modernizing equipment, provision of spare parts, improving administrative procedures and changing sugar factories to corporate companies. A committee including foreign expertise has been formed to follow up the plan and the British company which is consultative supervises coordination work particularly at social services. The amount of money provided for the plan is provided by Arab Development Decade, \$100 million, World Bank, \$100 million and Federal Germany \$25 million. [Text] [Khartoum SUNA in English No 4178, 6 Jul 82 pp 8, 9]

## TUNISIA

### BRIEFS

ARAB BANK OF TUNISIA--Prime Minister Mohamed Mzali received yesterday at the government palace at the Kasbah, the members of the board of governors of the Arab Bank of Tunisia, led by Abdelmajid Choumane, chairman of the Arab Bank of Tunisia. Moncef Belkhoja, governor of the Central Bank of Tunisia, attended the meeting. Choumane informed the prime minister of the decision by "Arab Bank Limited" to convert its Tunis branch into an autonomous financial institution endowed with 6 million dinars in assets and bearing the name "Arab Bank of Tunisia." He then gave a talk on the history and activities of "Arab Bank Limited" as well as on its role in strengthening economic and financial cooperation in the Arab world. [Excerpt] [Tunis LE TEMPS in French 2 Jul 82 p 2]

TUNIS INTERNATIONAL BANK--A new bank has just been born: the Tunis International Bank. It is the first offshore bank to have chosen Tunis as its headquarters. It is directed by Habib Chenim and called a meeting, several days ago, of its constituent general assembly. [Text] [Tunis LA PRESSE DE TUNISIE in French 27 Jun 82 p 3]

AGRICULTURAL OUTPUT UP--The National Land Office (OTD), which directly administers 210,000 hectares of farmland, has made more than 19.8 million dinars in the course of the 1980-1981 agricultural season as opposed to 18.6 million dinars for the preceding season, an increase of 1.2 million dinars. The OTD, which administers these 210,000 hectares through its agricultural complexes and experimental farms, has achieved in the course of 1981 a yield of 14,000 head of cattle, 150,000 sheep, 223,000 laying hens, 1 million broilers, 1.7 million litres of milk, 5,000 tons of meat, 70 million eggs, 310,000 quintals of grain, 27,500 tons of wine grapes, 80,000 tons of olives, 6,200 tons of citrus fruits and 1,500 tons of apples and pears. The irrigated areas cover 15,050 hectares. The value added achieved by the OTD from 1980 to 1981 amounts to approximately 13 million dinars as opposed to 12.1 million dinars for the previous season, an increase of 900,000 dinars. [Text] [Tunis DIALOGUE in French No 410, 12 Jul 82 p 39]

CSO: 4519/268-A

YEMEN ARAB REPUBLIC

BRIEFS

MARTYR'S FUNERAL HELD--The funeral of martyr Ahmad Hasan Abu Sati was held this morning. Ahmad Hasan Abu Sati was martyred during the battles of honor and dignity the Yemeni fighters are waging on the side of their Palestinian and Lebanese brothers to resist the ferocious Zionist aggression against fraternal Lebanon and the Palestinian revolution. After the burial the PLO representative told Saba' News Agency that the Yemeni blood being spilled in Lebanon proves the YAR political leadership's sincerity and its commitment to the national duty by sending caravans of martyrs to defend the usurped Palestinian rights and Arab dignity. [Excerpts]  
[GF219755 San'a' Domestic Service in Arabic 1700 GMT 29 Jul 82]

LOAN FROM IMF--The International Monetary Fund has approved an \$11.2 million loan to the YAR. The agreement has been signed on behalf of the YAR by Muhammad Ahmad al-Jumayd, minister of electricity, water and sewage and by Ibrahim Shahatah, general director of the International Monetary Fund. A total of \$10 million will be allocated to the operation of (al-Makhar) electric power station, which is being constructed in cooperation with a number of Arab funds. The rest of the loan will be allocated to development projects in the YAR. [Text] [GF300557 San'a' Domestic Service in Arabic 2000 GMT 29 Jul 82]

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CSO: 4400/397